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PROCEEDINGS AND DEBATES OF THE 85th CONGRESS, FIRST SESSION

SENATE

FRIDAY, AUGUST 9, 1957

(Legislative day of Monday, July 8, 1957)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

WALLACE F. BENNETT, a United States Senator from the State of Utah, offered the following prayer:

Our Father in heaven, as this body moves toward this session's end, we who serve here need Thy blessed guidance most of all. Since adequate deliberation may be difficult, we pray for heightened discernment. As available time diminishes, help us to use more worthily what time we have.

Give us greater singleness of heart. Deliver us from the temptation to speak chiefly for the sake of words, and to vote for the sake of votes. Give us faith in the people, so that we may build upon their strength an ever-new America. Thwart us when we seek political profit in their weaknesses. Protect them from our selfishness; and when we become bemused with our own cleverness, and puffed up with petty legislative victories, help us to repent and to find humility again.

Into our hands the people have put the welfare of this Nation, which is choice in Thy sight above all others, and which Thou hast greatly blessed. Help us to be worthy channels through whom even greater peace and happiness may come from Thee to our people and to all the world.

These blessings we ask, in the name of Thy Son, Jesus Christ. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Journal of the proceedings of Thursday, August 8, 1957, was approved, and its reading was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations and withdrawing the nomination of Jack Shackelford, to be postmaster at Webbers Falls, Okla., which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. JOHNSON of Texas. Mr. President, I have some unanimous consent requests for committee meetings which the Senator from California and I have approved. I ask unanimous consent that the Committee on Foreign Relations, the Subcommittee on Immigration and Naturalization of the Committee on the Judiciary, and the Subcommittee on Public Health, Education, and Welfare, and Safety of the Committee on the District of Columbia be permitted to sit during the session of the Senate today.

The VICE PRESIDENT. Without objection, it is so ordered.

THE CIVIL RIGHTS BILL

Mr. JOHNSON of Texas. Mr. President, one of the key facts of the debate on civil rights is that as time goes by and understanding and learning grow, acceptance of the Senate measure increases.

The heat of partisanship is lessening, and the effect of the propagandists is dying; and in their place is arising the realization that the bill as passed by the Senate is a serious and sincere effort to solve a serious problem. I have every confidence that the Senate version of the bill will become law.

The Baltimore Sun this morning comments on the superiority of the measure in its present form. The New York Times, although opposed to some of its features, recognizes the sincerity of the position taken by both sides in the debate. It recommends that the bill be accepted.

Mr. President, this is the process by which genuine legislation is finally reached on difficult issues. Proponents and opponents argue heatedly. Both are dissatisfied when they do not receive everything they desire.

But as time passes, there is a realization that the outcome represents substantial progress and advancement. And last-minute partisan efforts to jettison progress bear within themselves the seeds of their own destruction.

Mr. President, I ask unanimous consent that the editorial from the New York Times be printed in the RECORD, as part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times of August 9, 1957]

CIVIL RIGHTS: WHAT NEXT?

A civil-rights bill has now passed the Senate by a 4-to-1 vote, which may be contrasted with a vote of something more than 2 to 1 by which an earlier civil-rights bill less than 2 months ago passed the House.

These figures do not mean, obviously, that the Senate is more enthusiastic about civil rights than is the House. The amended Senate bill represents a series of compromises, of which the most important were: first, the elimination of authority to use Federal injunctions, except where voting rights were involved; and, second, the insertion of a guaranty of a jury trial in criminal contempt cases brought for violations of court orders against interference with such rights.

The restriction of the bill to a guaranty of voting rights did not seem to most northern liberals a vital flaw. There is existing authority for the protection of other civil rights and the Supreme Court itself is proceeding with deliberate haste in ordering the enforcement of its own integration decision of May 17, 1954.

The jury-trial requirement is more disturbing. Convincing arguments may be made in its favor, yet it introduces a new element into contempt cases in Federal courts. The requirement of a jury trial in a case where a defendant has willfully defied the order of a court may be in some southern communities wholly undemocratic.

But the choice this year is not between a perfect civil-rights bill but between an imperfect bill and no bill at all. It is possible, to be sure, that a conference between Senate and House committees may result in some improvement in the Senate bill's features. There is little chance, however, that the provision for a jury trial in criminal cases can be removed. The 286 members of the House who voted for the stronger measure will therefore have to consider whether they want to accept this less satisfactory bill or reject it and start the fight all over again another time.

On the whole, we hope that they will take, however regretfully, what they can now get. They may do this with the most equanimity if they understand that the position of many southern Senators and Representatives was as conscientious as their own. We must all learn to think of social situations in these controversies and not of angels with wings on one side and devils with horns on the other side.

The question that we must indeed ask now is a practical one. If something like the Senate bill becomes a law with the signature of the President, what will be its results? We won't know, of course, until the law is actually on the statute books and until the Department of Justice, which down to now has remained skeptical as to the possibilities of the Senate bill, goes into action.

If a law does in fact emerge, let us regard it as an experiment in which honest men of both races and on both sides of the Mason and Dixon line may take part. We

may assume that under such a law more Negroes will vote in the Southern States than now do so. We believe that in many communities of the South there has already been a liberalizing of attitudes and that a better and mutually more understanding relationship between the two races is being attained. No society can stand still, least of all the vast and dynamic community which we call the United States of America.

Let us see what can be done. If the prospective law does not improve an unhappy situation, let us study how that law can be strengthened and improved. Meanwhile, let the people of both races be as patient as they can.

Mr. JOHNSON of Texas. Mr. President, I wish to read the editorial which was published in the Baltimore Sun:

A GREAT ACHIEVEMENT

The Senate has passed the civil-rights bill. The task now is to reconcile it with the very different version passed by the House. In our view it is up to the House to do most of the yielding in the process of compromise. The House bill is stronger in the rhetorical and fist-shaking sense. But it has two great weaknesses. The first is that the Senate would never accept it. The second is that the very strength of the House bill would render it almost unworkable and place both the Federal executive and the Federal judiciary (that is, the district judges actually sitting in the field) behind an impossibly large 8-ball.

The Senate bill, far from having been weakened by amendment, as some contend, is actually stronger for these amendments. By means of them it has been tailored to the practical job at hand, which is to provide tools neither too strong nor too weak for eliminating illegal restrictions on the voting right of Negroes in parts of the South.

Its greatest strength lies in the fact that it has been fashioned with the constructive assistance of southern senatorial leaders, notably LYNDON JOHNSON of Texas, and RICHARD B. RUSSELL of Georgia. This bill cannot be described as something forced down the throats of the South by the North. By their votes, southern Senators acknowledge that constitutional rights are being violated in the South and that it is proper for the Federal Government to take steps to prevent this, so far as Federal elections are concerned. In our opinion the importance of this southern acquiescence cannot be overestimated.

Second, a bill which in the beginning covered an unmanageably broad field has been pretty well narrowed to this single question of voting rights. One thing at a time is a good rule for those who want progress in racial relations.

Third, the force-law characteristics have been eliminated—an element of the House version which, more than any other, would provoke the South to dig in its heels and resist.

Fourth, the provision for jury trials in criminal contempt cases is no real handicap. Only in the rare cases when civil contempt moves over into criminal contempt would a jury be required. And in such cases the courts' moral authority would be strengthened by shifting the burden of determining guilt or innocence from judge to jury. We do not share the belief held by some that southern white jurors, informed of the law and confronted with the evidence, would cynically disregard both. That is not the lesson of experience with jury trials, despite occasional disconcerting exceptions. To offer an analogy, Federal attorneys during prohibition regularly obtained convictions, even though the jury might be antiprohibitionist to a man. Let us not underestimate the average man's respect for the law.

In the Senate bill, then, we have an instrument acquiesced in and in part fashioned by southern Senators, an instrument narrowed down to the problem in hand, except that the terms of the jury-trial amendment may cause some trouble in other fields, an instrument which does not place the whole burden on Federal executive and Federal judiciary, but through the jury-trial provision invites and requires local participation.

To say that this bill has been weakened in the Senate is to deny the facts. It is a strong bill, adapted to its high purpose by its recognition that force by itself can never do the job, a historical achievement. The House bill was passed in a rush, as House bills frequently are. But Members of the House, like the rest of us, have had the benefit of the remarkable senatorial debate on this subject. It is our hope and belief that a majority of the House will acknowledge the superiority of the Senate version and so make possible the first practical step in the enforcement of the 15th amendment that has been taken in almost a century.

Mr. President, I do not embrace every word or every line or every sentence in the editorial; but I do commend it to the attention of all Members of this body.

Mr. SMITH of New Jersey. Mr. President, I desire to concur in the statement which the distinguished majority leader has just made.

I firmly believe that the bill the Senate passed is a much stronger one than the bill passed by the House, as Mr. Walter Lippmann pointed out yesterday in the New York Herald Tribune.

I feel very strongly that the language of part III, which some of us worked to eliminate, would have created an impossible situation. Enforcement of that provision would have aroused bitter hostility between the North and the South. It would have seriously divided the country. It would have presented the President with an impossible problem of enforcement.

I feel that the right-to-vote bill which has been passed by the Senate will actually provide a concrete, meaningful advance for the Negroes of this country along the road to completely equal enjoyment of their civil rights. The right to vote is a fundamental civil right, as I have said many times.

I regret that the jury-trial amendment was adopted. I think it was a serious mistake, because it confuses the issue; but I am sincerely hopeful that in conference between the House and the Senate the bill can be modified so that the application of the jury-trial provision will be clarified and the bill can be accepted. Then we can have an all-American approach to solving this problem. We shall have avoided divisive and disruptive legislation, in favor of a united approach to a problem that has divided us. I plead for an all-American approach, and I sincerely hope that the civil-rights bill will be enacted this year.

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. In accordance with the order entered on yesterday, providing a period for the transaction of routine morning business, with a limitation of 3 minutes on statements, morning business is now in order.

WORK PLANS FOR WATERSHED PROTECTION AND FLOOD PREVENTION

The VICE PRESIDENT laid before the Senate a letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement on the following watersheds; which, with the accompanying papers, were referred as indicated:

Arkansas, Caney Creek; to the Committee on Agriculture and Forestry;

Oklahoma, Sandy Creek; to the Committee on Public Works;

Texas, Sulphur Creek; to the Committee on Public Works; and

Washington, Lacamas Creek tributaries; to the Committee on Agriculture and Forestry.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the Legislature of the State of Alabama; ordered to lie on the table.

"Senate Joint Resolution 68

"Be it resolved by the Legislature of Alabama (both houses thereof concurring):

"1. The Legislature of Alabama notes with gratification the recent action taken by the United States Senate in adopting an amendment to the pending so-called civil-rights bill, whereby it again vouchsafed to any person accused of violating the laws of this country the right to a trial by a jury of his peers.

"2. The Legislature of Alabama does hereby applaud this recent action of the United States Senate.

"3. The Senate of the United States is hereby memorialized to be ever vigilant that this most highly valued of all the rights guaranteed by the Constitution to the people of this country, the right to trial by jury, shall never be infringed, and each and every Member of that body is respectively urged to continue to work to the end that this right will always be safeguarded and no bill shall ever become law which seeks to abrogate or limit it.

"4. The secretary of the Senate of Alabama is hereby directed to transmit a copy of this resolution to the Secretary of the Senate of the United States and to release a copy thereof to the press.

"I hereby certify the above is a true, correct and accurate copy of Senate Joint Resolution No. 68 by Messrs. Goodwin and Little, adopted by the Legislature of Alabama, August 6, 1957.

"J. E. SPEIGHT,
"Secretary of Senate."

A resolution of the Fourth Guam Legislature; to the Committee on Interior and Insular Affairs:

"Resolution 162

"Resolution relative to requesting and memorializing the Members of Congress to favorably consider the passage of bill No. H. R. 7357 of the 85th Congress which establishes the elective office of Delegate to the House of Representatives of the United States for the Territories of Guam and the Virgin Islands

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas the Honorable LEO W. O'BRIEN, Representative from the State of New York, has authored and introduced bill H. R. 7357

for the consideration of the 85th Congress; and

"Whereas said bill, which creates the elective office of Delegate to the House of Representatives, contains the deepest aspirations of the people of Guam; and

"Whereas it is fitting and in the public interest that the people of Guam be represented in the Capital of our Nation which representation is in the most highly prized heritage of our country: Now, therefore, be it

Resolved, That the Members of Congress be and they are hereby respectfully requested and memorialized to favorably consider the passage of bill H. R. 7357 of the 85th Congress which establishes the elective office of delegate to the House of Representatives of the United States for the Territories of Guam and Virgin Islands; and be it further

"Resolved, That the Speaker certify to and the legislative secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Congress of the United States, to the Committee on Territorial and Insular Affairs of both the Senate and House of Represenatives, to the Honorable LEO W. O'BRIEN, and to the Governor of Guam."

A resolution adopted by the Voice of Greek Orthodoxy in America, Washington, D. C., relating to the recognition of the Eastern Greek Orthodox faith; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs, with amendments:

S. 1086. A bill granting the consent and approval of Congress to a Bear River compact, and for related purposes (Rept. No. 843).

By Mr. STENNIS, from the Committee on Armed Services, with amendments:

S. 319. A bill to provide for the conveyance to the State of Maine of certain lands located in such State (Rept. No. 844).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LANGER:

S. 2738. A bill to increase the benefits payable to certain disabled veterans; to the Committee on Finance.

By Mr. SCOTT:

S. 2739. A bill to amend the Postal Field Service Compensation Act of 1955 to change the position of elevator operator from level 2 to level 3 of the Postal Field Service schedule; to the Committee on Post Office and Civil Service.

By Mr. SCOTT (for himself, Mr. CARROLL, Mr. CHURCH, Mr. COTTON, Mr. JACKSON, Mr. KUCHEL, Mr. KERR, Mr. MAGNUSON, Mr. MARTIN of Pennsylvania, and Mr. NEUBERGER):

S. 2740. A bill to prohibit Government agencies to acquire or use the National Grange headquarters site without specific Congressional approval; to the Committee on Public Works.

By Mr. SMATHERS:

S. 2741. A bill for the relief of Louise Alford; to the Committee on the Judiciary.

By Mr. SALTONSTALL:

S. 2742. A bill to authorize the Secretary of the Navy to transfer to the Commonwealth of Massachusetts certain lands and improvements comprising the Castle Island Terminal Facility at South Boston in exchange for certain other lands; to the Committee on Armed Services.

By Mr. BRICKER:

S. 2743. A bill for the relief of Tam Elizabeth Scott (Bai Tam Shil); to the Committee on the Judiciary.

By Mr. CARLSON:

S. 2744. A bill for the relief of Winona Rose Voth (Whang Nada); to the Committee on the Judiciary.

By Mr. SCOTT (for himself, Mr. ERVIN, and Mr. HUMPHREY):

S. 2745. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of surplus property to volunteer fire-fighting organizations; to the Committee on Government Operations.

By Mr. CARLSON:

S. 2746. A bill to authorize the establishment of three positions for specially qualified scientific and professional personnel in the Department of Health, Education, and Welfare; to the Committee on Post Office and Civil Service.

By Mr. CLARK (for himself and Mr. MARTIN of Pennsylvania):

S. 2747. A bill to provide for the appointment of two additional district judges for the eastern district of Pennsylvania; to the Committee on the Judiciary.

CONCURRENT RESOLUTION

PRINTING OF ADDITIONAL COPIES OF HEARINGS ENTITLED "INVESTIGATION OF THE FINANCIAL CONDITION OF THE UNITED STATES"

Mr. BYRD submitted the following concurrent resolution (S. Con. Res. 47), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Committee on Finance 3,000 additional copies of part 1 of the hearings entitled "Investigation of the Financial Condition of the United States," and 5,000 additional copies of part 2 and subsequent parts of said hearings held by that committee during the 85th Congress, 1st session.

RESOLUTIONS

MAINTENANCE OF HARMONIOUS RELATIONS WITH OTHER COUNTRIES IN WESTERN HEMISPHERE

Mr. CAPEHART submitted the following resolution (S. Res. 180), which was referred to the Committee on Foreign Relations:

Whereas cordial and cooperative relations between the United States and all countries in the Western Hemisphere is essential to national security; and

Whereas no unresolved misunderstandings should exist between the United States and the Dominican Republic; and

Whereas the closed-door policy of the Western Hemisphere to Communist entry must be maintained and strengthened; and

Whereas the United States interests will best be served by clearing up any minor misunderstandings which may still exist: Now, therefore, be it

Resolved, That the chairman of the Committee on Foreign Relations and the ranking member of the minority on the committee shall make inquiry and diligently pursue the restoration of harmonious relations between these traditionally friendly countries to reaffirm the Western Hemispheric alinement against the common enemy of communism.

AMENDMENT OF RULE RELATING TO COMMITTEE PROCEDURE

Mr. JENNER. Mr. President, I rise to submit a resolution amending rule XXV of the Standing Rules of the Senate. This resolution would set forth, in formal terms, rules of procedure for Senate investigating committees.

I have been informed that the Senate Committee on Rules and Administration intends to consider various proposals which would amend rule XXV of the Standing Rules of the Senate.

I served on the Committee on Rules and Administration for 10 years and still retain a deep interest in the activities of that committee. I was privileged to serve as chairman of the committee during the 83d Congress. During that time we conducted the most extensive hearings on rules of procedure ever held. These hearings, as printed, comprise 10 separate parts and a total of 663 pages of testimony.

Then, at the beginning of the 84th Congress, 1st session, a comprehensive report was written, based on those hearings. The committee voted to report Senate Resolution 17, 84th Congress, 1st session, to the Senate. This resolution was drafted by the committee and is based on recommendations and suggestions received in the hearings.

The resolution which I submit today is identical to Senate resolution 17 of the 84th Congress.

Events have occurred since the submission of Senate Resolution 17 which make it imperative that the Senate take action in this field. Senate investigations are now under attack from several quarters. I feel that this resolution would go a long way toward preserving the integrity of the Senate and insuring greater service for the American people.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 181) was referred to the Committee on Rules and Administration, as follows:

Resolved, That rule XXV of the Standing Rules of the Senate is amended by inserting at the end thereof the following:

"5. The following shall be the rules of the standing committees of the Senate and subcommittees thereof, and the term 'committee' as used in this subsection (except in paragraphs (b) and (c)) means any such committee or subcommittee:

"(a) Special meetings: In addition to meetings called pursuant to section 133 (a) of the Legislative Reorganization Act of 1946, a majority of the membership of any committee may call a special meeting of the committee by filing a notice thereof with the committee clerk, whose duty it shall be to notify each member.

"(b) Subcommittee: A subcommittee of any standing committee shall be established by majority vote of such committee.

"(c) Committee staffs: The professional and clerical staff personnel of each standing committee and subcommittee thereof shall be appointed, and the services of such personnel terminated, by majority vote of such standing committee.

"(d) Subpenas: The authority to issue subpenas or otherwise to require the attendance of witnesses or the production of documentary material may be delegated by majority vote of any committee to its chairman or to any member.

"(e) Interrogation of witnesses: The interrogation of witnesses at committee hearings shall be conducted, on behalf of the committee, by members and authorized staff personnel only.

"(f) Executive session testimony: No testimony given in executive session shall be publicly released in any form unless such release has been authorized by the committee before which the testimony was given.

"(g) Notice to witnesses: The subject-matter of the investigation in which he is called to testify shall be stated to each witness prior to his appearance, for his information only, and not as a limitation upon the scope of the interrogation to be conducted at the hearing.

"(h) Counsel for witnesses: Unless otherwise provided by a majority of the committee members present at the hearing, a witness may be accompanied by counsel.

"(i) Statements: Witnesses shall be required, so far as practicable, to submit written statements of their proposed testimony in advance of the hearing at which they testify.

"(j) Distraction by communications equipment: A witness may request, on grounds of distraction, harassment, or physical discomfort, that during his testimony, television, motion picture, and other cameras and lights shall not be directed at him; such request to be ruled on by the committee members present at the hearing.

"(k) Transcripts: Accurate verbatim transcripts shall be made of all committee hearings where witnesses testify under oath. Transcripts of testimony given at public hearings shall be made available, for inspection or purchase, by witnesses and persons mentioned therein.

"(l) Requests for remedial action: Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing of a committee, or comment made by a committee member or counsel at such a hearing, tends to defame him or otherwise adversely affect his reputation, may (a) request to appear personally before the committee to testify in his own behalf, or (b) file a sworn statement of facts relevant to the testimony or other evidence or comment complained of. Such requests and such statements shall be submitted to the committee concerned for its action.

"(m) Reports: No measure or recommendation shall be reported by a committee unless a majority of its membership is actually present at the meeting at which such action is taken.

"(n) Controversy as to jurisdiction: In any case in which a controversy arises between committees as to the jurisdiction of any committee of the Senate to make any inquiry or investigation, the question of jurisdiction shall be decided by the presiding officer of the Senate, without debate, but such decision shall be subject to an appeal. Such decision finally arrived at, with or without appeal, shall not operate to invalidate proceedings of the committee prior thereto.

"(o) Notice to Senate: The chairman of each committee shall from time to time and at the earliest date practicable, report to the Senate the general nature of inquiries or investigations the committee proposes to undertake, or, in any case he deems the national security might be endangered by such report, he shall in writing advise the President of the Senate of that fact."

CONSTRUCTION OF CERTAIN WORKS OF IMPROVEMENT IN NIAGARA RIVER—AMENDMENT

Mr. CLARK (for himself and Mr. NEUBERGER) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 2406) to authorize the construction of certain works of improvement in the Niagara River for power and other purposes, which was ordered to lie on the table and to be printed.

PRINTING OF REVIEW OF REPORT ON RIO GRANDE AND TRIBUTARIES AT SOCORRO, N. MEX., (S. DOC. NO. 58)

Mr. CHAVEZ. Mr. President, I present a letter from the Acting Secretary of the Army, transmitting a favorable report dated May 20, 1957, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of report on the Rio Grande and tributaries at Socorro, N. Mex., requested by a resolution of the Committee on Public Works dated September 8, 1950. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and be referred to the Committee on Public Works.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Radio address delivered by him on the subject of five problems facing Wisconsin.

NOTICE OF CONSIDERATION OF NOMINATIONS BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. GREEN. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that the Senate received today the following nominations:

The following-named persons to be representatives of the United States of America to the 12th session of the General Assembly of the United Nations, to serve no longer than December 31, 1957: Henry Cabot Lodge, of Massachusetts; A. S. J. Carnahan, United States Representative from the State of Missouri; Walter H. Judd, United States Representative from the State of Minnesota; George Meany, of Maryland; Herman B. Wells, of Indiana.

The following-named persons to be alternate representatives of the United States of America to the 12th session of the General Assembly of the United Nations, to serve no longer than December 31, 1957: James J. Wadsworth, of New York; Miss Irene Dunne, of California; Philip M. Klutznick, of Illinois; Mrs. Oswald B. Lord, of New York; Genoa S. Washington, of Illinois.

James H. Smith, Jr., of Colorado, to be Director of the International Cooperation Administration, in the Department of State, vice John B. Hollister, resigned.

Notice is given that these nominations will be eligible for consideration by the Committee on Foreign Relations at the expiration of 6 days in accordance with the committee rule.

NOTICE OF HEARING ON NOMINATION OF THOMAS C. EGAN TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, August 16, 1957, at 10:30 a. m., in room 424, Senate Office Building, upon the nomination of Thomas C. Egan, of Pennsylvania, to be United States district judge for the eastern district of Pennsylvania, vice George A. Welsh, retiring.

At the indicated time and place all persons interested in the above nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Indiana [Mr. JENNER], and myself, as chairman.

NOTICE OF HEARING ON NOMINATION OF EDWARD T. GIGNOUX, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF MAINE

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, August 16, 1957, at 10:30 a. m., in room 424, Senate Office Building, upon the nomination of Edward T. Gignoux, of Maine, to be United States district judge for the district of Maine, vice John D. Clifford, Jr., deceased.

At the indicated time and place all persons interested in the above nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Indiana [Mr. JENNER], and myself, as chairman.

NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Harvey G. Straub, of Ohio, to be a member of the Board of Parole for the term expiring September 30, 1962, vice Scovel Richardson.

T. Fitzhugh Wilson, of Louisiana, to be United States attorney for the western district of Louisiana, 4-year term, reappointment.

James A. Borland, of New Mexico, to be United States attorney for the dis-

trict of New Mexico, 4-year term, vice Paul A. Larrazolo, resigned.

Harold Sexton, of Oregon, to be United States marshal for the district of Oregon, 4-year term, reappointment.

William M. Steger, of Texas, to be United States attorney for the eastern district of Texas, 4-year term, reappointment.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Friday, August 16, 1957, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

INTERIM REPORT OF THE THEODORE ROOSEVELT CENTENNIAL COMMISSION

Mr. SMITH of New Jersey. Mr. President, there has come to my attention Senate Document No. 53, which is the interim report of the Theodore Roosevelt Centennial Commission. This thoughtfully written document by Herman Hagedorn, the well-known biographer of our 26th President, shows the range of activities and programs planned for this centennial year, starting on October 27, 1957, and ending on the 100th anniversary of Theodore Roosevelt's birth—October 27, 1958. As a personal friend of many years of Mr. Hagedorn's, I am especially appreciative of his Theodore Roosevelt enthusiasm.

I should like to take this occasion to commend the Commission for the wisdom of its plans. Rather than a series of eulogies, a theme has been adopted for the entire observance. This theme is Responsible Citizenship. As we all know, this was the dominating ideal of Mr. Roosevelt, and for which he so strenuously fought throughout his entire life.

The report lists in detail the many groups and organizations which have pledged cooperation, including Federal departments, State and local governments, and a most comprehensive number of private and semipublic organizations. I am glad to note especially the acceptance of the leadership of the Commission's College and University Committee by Dr. Arthur Flemming, president of Ohio Wesleyan University at Delaware, Ohio, and until recently Director of the Office of Defense Mobilization. This is important, because perhaps nowhere can the ideas of responsible citizenship be taught so effectively as in our higher institutions of learning, and many of these students are either young citizens or soon will be, and their leadership can be of intense and practical value.

From beginning to end, the program shows the results of sound thinking and progressive planning, and I hope that all of us here in the Senate will use every opportunity to make the yearlong program most valuable and effective.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. NEUBERGER. I should like to associate myself with the commendation which the Senator from New Jersey has voiced on the plans being made for the observance of the 100th anniversary of the birth of President Theodore Roosevelt. I am also glad to corroborate his high opinion of the commission and of Dr. Herman Hagedorn, who is one of the illustrious biographers of Theodore Roosevelt. We in Oregon, who are very familiar with Theodore Roosevelt's achievements in the field of natural resource conservation, are pleased and delighted to participate in this historic event.

S. 963 TO CONTROL SIGNBOARDS ALONG INTERSTATE HIGHWAYS

Mr. NEUBERGER. Mr. President, I desire the RECORD to show that the meeting of the Senate Public Works Committee to consider the signboard-control measure, S. 963, was canceled today because of the 10 o'clock meeting of the Senate.

I blame no one for this, because I realize how difficult it is to schedule Senate sessions to consider controversial matters so that the convenience of all will be served.

However, I urge that the Senate Public Works Committee be convened as soon again as possible to take up S. 963. I feel certain the distinguished chairman of the committee, the Senator from New Mexico [Mr. CHAVEZ], will give this every consideration which it deserves.

Mr. President, the American people are demanding some minimum protection for the roadside beauty and grandeur along 41,000 miles of interstate highways now under construction at a vast cost of $33 billion. Unless S. 963 is passed at least by the Senate at this session, there will be no legislative protection at all for scenic majesty along our roads. The billboard clutter will take over. As we sit here today, the rights-of-way for the highways already are being surveyed. Unless the Senate at least acts at this session of Congress, so-called grandfather rights will vest and accrue. The land will be rented, and the ugly billboards will be set up, and then it will be too late.

Mr. President, we Americans must learn what Switzerland long ago learned, that scenic beauty can be a thing of great and permanent value. Let us pass S. 963 and give this at least some guardianship from our Federal Government.

I ask unanimous consent to include in the CONGRESSIONAL RECORD two telegrams from leaders in American motoring, which support my backing for S. 963 as modified, and also affirm my position that S. 963 should not be tied to any increase at this time in the total mileage authorized under the Interstate System.

These telegrams are from my warm personal friend, T. Ray Conway, secretary of the Oregon State Motor Association, and Harry I. Kirk, president of the American Automobile Association.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., *August 7, 1957.*

Senator RICHARD NEUBERGER,
Senate Office Building,
Washington, D. C.:

Urge Senate Public Works Committee to separate title I and title II of S. 963. The subject matter of these two titles have no relationship. Extension of interstate mileage and the related financing problems as provided in title II require much more study and consideration. Title I regulating outdoor advertising is not all we would desire but it is a step forward. We urge enactment of title I.

RAY CONWAY,
Secretary, Oregon State Motor Association.

WASHINGTON, D. C., *August 7, 1957.*

Hon. RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.:

AAA representing 5½ million motorists urges that title I and title II of S. 963 not be included in the same piece of legislation. They have no relationship and title II, providing extension of mileage on interstate system with attendant financing problems we feel requires much further study. Title I while not all we had hoped for in regulation of outdoor advertising, is step in right direction and we strongly support its provisions.

HARRY I. KIRK,
President, American Automobile Association.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CLARK. I should like to associate myself with the comments just made by the Senator from Oregon respecting the billboard menace. It is very real. It is important. If we do not take action promptly, the highways of this country are going to be defaced, and become areas of which we shall all be ashamed instead of proud. I hope our colleague from Oregon, who has fought so gallantly in support of this vitally needed measure, will be able to persuade the Senator from New Mexico [Mr. CHAVEZ], who is now present in the Chamber, to hold a meeting of the committee so that prompt action can be taken on this much needed legislation.

Mr. NEUBERGER. I appreciate the support of the very able Senator from Pennsylvania. I want to say that the chairman of the committee, the Senator from New Mexico, was most cooperative and understanding in specifically scheduling a meeting of the committee this morning to consider the signboard measure.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CHAVEZ. I had called a full committee meeting this morning to consider the bill the Senator from Oregon is speaking about. I was informed that the Senate was considering another bill, on TVA, which came from the Public Works Committee. Since that bill was reported by the Public Works Committee, I knew that members of the committee were interested in the TVA bill. The billboard bill affected the State of the

chairman of the Roads Subcommittee of the Public Works Committee, which considered the TVA bill as will the billboard bill. For that reason I had the meeting postponed, and I thought every member would be glad to have me do so. There is no idea in my mind whatsoever to delay consideration of the billboard bill, but I feel that members of the Public Works Committee should be present when the TVA bill is being considered, because I consider it to be just as important as is the other bill. But I shall call a meeting of the full committee as soon as I possibly can, and I want to assure my good friend from Oregon and my good friend from Pennsylvania that I like beautiful scenery as well as they do.

Mr. NEUBERGER. The Senator has much of it to protect in his own lovely State.

Mr. CLARK. I thank the Senator from New Mexico.

THE CIVIL-RIGHTS DEBATE

Mr. CHAVEZ. Mr. President, I should like to have the attention of the majority leader and the minority leader, if I may.

Mr. JOHNSON of Texas. The Senator has my attention.

Mr. CHAVEZ. Mr. President, I have read the debates of the Senate on many a question of the past and have read the debates of the early days. In my opinion, no debate has been more in keeping with the traditions of the Senate than the debate which took place on the civil-rights bill, from both sides of the aisle.

I wonder if it would be possible for the majority leader and the minority leader to get together to ascertain whether it would be justifiable that the debate be printed as a Senate document. I suggest that because I feel the debate just concluded has been as important as any debate which has taken place in the Senate heretofore. Having in mind the subject matter which was being debated, and having in mind the debates of the past, when the population of the country was 20 million or 40 million, while now it is more than 160 million. I feel that record should be kept. The record will be kept, of course, and will be kept forever. I do think, however, that the American people as a whole should know about the debate which took place. I respectfully make this suggestion to both the majority leader and the minority leader.

Mr. JOHNSON of Texas. Mr. President, first I wish to thank the distinguished and influential Senator from New Mexico for the constructive suggestion he has made. Frankly, I share his view concerning the quality of the debate. I was pleased to observe on a number of occasions, the atmosphere in which this very controversial and history-making subject was being discussed.

I have not explored the possibility of carrying out the suggestion of the Senator from New Mexico, because it is a novel one. It is one which is the result of imagination and vision.

I shall talk to the attachés of the Senate, search the precedents, inquire as to the cost, confer with my colleague across the aisle, and then report back to the author of the suggestion, and to the Senate what I may be able to learn and what conclusion I may reach.

I say to the Senator from New Mexico that his suggestion is a helpful one, and I encourage suggestions of this type. I know that there are few in the Senate who have had the wide experience as a legislator the Senator from New Mexico enjoys. The Senator from New Mexico had served in the House, and is one of the senior Members of the Senate. Any suggestion from him is rather compelling with me.

I agree with the Senator from New Mexico that the Senate was at its finest in the debate. The Senate acted in line with its best traditions. The debate was a historic one. I hope it can be made available to both sides, pro and con, to every library in the country, to every schoolchild in the country, and to any citizen who may be interested. I shall make a report shortly to the Senate, and I thank the Senator for his suggestion.

Mr. CHAVEZ. Mr. President, the Senator from Texas, the majority leader, will recall, I think, that I asked him to consult and determine whether it would be justifiable to follow the course I have suggested.

THE APPOINTMENT OF AMBASSADORS

Mr. GOLDWATER. Mr. President, before engaging in the main purpose of the morning business for which I rise, I cannot help commenting on the reference which the distinguished junior Senator from Oregon [Mr. NEUBERGER] made as to the appointment of Mr. Gluck to be Ambassador to Ceylon. The Senator indicated that Mr. Gluck did not have sufficient background, and the Senator was rather critical of the administration for making the appointment.

I recall a man by the name of Bill O'Dwyer who was sent to Mexico as Ambassador. I do not know of anything good about the seamy politics of New York which would give a man from that city special ability in the diplomatic field.

I remember a lady by the name of Mrs. Mesta who was appointed as an Ambassador. I do not know anything about the cocktail parties of Washington which would train a person to be particularly good in that field.

However, I will say that both of those persons made excellent ambassadors. In fact, I think I can say safely that Bill O'Dwyer was probably the best Ambassador we ever sent to Mexico.

I suggest to the junior Senator from Oregon that he withhold his criticism until he gives an honest American businessman a chance to show what he can do.

Mr. President——

The VICE PRESIDENT. The Senator from Arizona.

COMPULSORY UNIONISM

Mr. GOLDWATER. Mr. President, in my discussions of the labor field, particularly with reference to compulsory unionism versus voluntary unionism, I have referred to the fact that the United States of America is the only country in the world which has compulsory unionism written into its law. I have also recognized that there are four or five other countries which, by omission, might be said to have such a feature in their laws.

Many of my colleagues have asked for the source of that information. The source is the study entitled "Enquiry on Compulsory Unionism," which was made in September of 1953 by the International Organization of Employers.

So that my colleagues may have the benefit of this document, I ask unanimous consent, Mr. President, that it be printed in the body of the RECORD at this point in my remarks.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

ENQUIRY ON COMPULSORY UNIONISM

INTRODUCTION

In September 1953, the Secretariat circulated for information to all members the text of an article originally appearing in the Australian review Industrial Victoria, published by the Victorian Chamber of Manufacturers.

The article, after noting that the question of compulsory affiliation of workers to a trade union had again arisen in two Australian States, stated that the Chambers of Manufacturers throughout Australia were "implacably opposed to compulsory unionism, not because they are antagonistic to trade unionism in itself, but because they believe implicitly in the liberty of the subject and, with compulsion, that liberty goes."

The Secretariat, in communicating this article to International Organization of Employees members, suggested that it would be of interest to trace any tendency toward compulsory unionism that might exist in the respective countries and said that it would welcome any information that members might wish to make available on the subject. At the same time, it recalled an American publication (1) previously circulated by the International Organization of Employees for information in which the term "union closed shop" had been defined as follows:

"In a closed shop, no one can become and remain employed (in a given undertaking) unless he is already an union member. In either case, this is in effect a 'union closed shop' because the door of continuous employment is open only to union members."

Members were invited to reply to the following questions:

1. Do "union closed shop" clauses, or other similar clauses exist in your country in industrial legislation, collective agreements, awards, etc. If so, to what extent is the system applicable (industrywide or individual undertakings, etc.) and to what extent is it actually in force? Are certain sectors particularly affected and, if so, which?

2. If no such system exists, is there any tendency in regard to the general question of compulsory unionism? What sectors would be affected?

3. Attitude of the employers: Action taken in answer to union demands (if any).

4. Does any legislation or agreement exist effectively prohibiting or preventing compulsory unionism?

The first inquiry brought in replies from the central employers' federations of 15 countries. This response seemed to indicate a strong interest in the question and with the agreement of Mr. Waline, chairman of the executive committee, it was decided to approach the federations which had not hitherto replied with the aim of providing as broad a view as possible of the present state of the question.

Three further replies were received in response to our second circular, bringing the number of countries covered to 18.[1]

As a result, this whole survey is based entirely on the information that has been supplied by our member federations. Part I consists of a summary of their replies. Part II contains the text of the replies or of broad extracts from them directly relating to the questions which were put.

As some time has elapsed since certain replies were first received, members are invited to notify this office of any changes which should be made in information given as a result of subsequent developments in their countries. These will be brought to the attention of our other members.

PART I. SUMMARY OF REPLIES RECEIVED

I. Countries where compulsory unionism exists in one form or another

Provision for compulsory union membership in one form or another inserted either in legislative texts or in agreements concluded between management and the labor unions are found in eight of the countries covered by this survey.

In Australia, as far as federal awards applying to the whole of the Commonwealth are concerned, these do not provide for compulsory unionism though, it is noted, in many industries it has, over the years, become established custom. The Commonwealth Conciliation and Arbitration Act contains provisions for preference to unionists, but the awards of the arbitration court set up under that act do not generally enforce these provisions. On one occasion when use was made of these provisions by a conciliation commissioner the employers successfully challenged in high court the validity of the order made.

State legislation providing preference for unionists is also met with in two states, but in these only. In one the arbitration court has interpreted such provision as compulsory unionism and enforces it in its awards. In the other, the preference provisions were amended in December 1953 to introduce compulsory union membership. This legislation has been challenged by the employers who, pending high court decision, are not complying with the terms of this particular provision.

As regards Belgium, the employers' federation reports that, as a general rule, union membership is not a condition of employment. The one exception concerns the quarrying industry and this is one particular region only, although strong pressure is being exerted by the unions to have similar measures extended to the industry in other regions. Similar tendencies have been observed in various metal processing plants.

In Canada, labor legislation in the separate Provinces does not compel union membership though the labor code of each permits such provisions being made part of collective agreements. A survey made in 1952 of 564 agreements applying to Canadian manufacturing industry showed that union shop provisions in one form or another affected almost one-fifth of all workers reported on. Provisions which called for maintenance of membership affected about 27 percent. Only in rare cases is there a closed shop provision—about 8 percent of workers reported on. Agreement clauses requiring the employer to check off (deduct) from wages and hand over to the labor unions the union dues of workers affected, in one form or another, 80 percent of workers.

Attempts to have this bargaining point made compulsory through Federal legislation (which applies only to nonmanufacturing industries, e. g., banks, railways, steamships, and airlines, etc.) are being combated by the emloyer's association.

In Greece, a fairly widespread tendency toward closed-shop enforcement has recently been revised by the repeal of 19 labor laws which indirectly imposed a closed-shop system in a large number of industries. At the same time a direct form of closed-shop system existing in one industry since 1925 has been abolished. An equally decisive step toward freeing the country's economy of a system which, the Federation of Greek Industries states, has proved asphyxiating to the right that every individual has to work has been the Government action in ending the compulsory contribution that every worker had previously to make to the central trade-union organization.

In Japan, surveys of trade agreements showed that 60 to 80 percent of the agreements carried union-shop clauses, while only 2 to 3 percent provided for a closed-shop system. It is noted, however, that most agreements recognize the right of the management to final decision as to whether a worker expelled from a union should be dismissed or allowed to continue in employment as a nonunion member. Legislation provides that such agreements may be concluded.

In Mexico, union-shop clauses have been negotiated at plant level by many workers' organizations, the employers, however, being of the opinion that this system is less dangerous than the system under which the union selects the labor to be hired by the employer. Where this latter system has been introduced it is noted that countermeasures have been devised by the employers.

In the United States, the Taft-Hartley Act prohibits the closed shop while permitting, under certain circumstances, the union shop. Since both systems compel union membership as a condition of employment, there is little difference between the two. In view of the fact that the Taft-Hartley Act already protects the right of the individual worker to join a union if he so chooses, as well as the rights of trade unions, American employers consider compulsory unionism unjustifiable. More, it is antisocial in that it concentrates dangerous power in the hands of the unions, inevitably bringing about violation of the freedom of individual workers, restriction of the employer in his natural function and exploitation of the consuming public as a whole.

In Switzerland, though there is no special prohibiting legislation, various legal prescriptions have the practical effect of preventing the introduction of compulsory unionism. An attempt to interfere with the worker's right to freedom of association can constitute an infringement of the Swiss civil and penal laws. A unique reciprocal system, which the courts have upheld as valid, exists mainly in the handicrafts industry. Under this agreed system, employers undertake only to hire workers possessing a labor card while the workers undertake in turn to accept employment only with employers holding a professional card. Organized employers and workers covered by this agreement are automatically regarded as in possession of these cards, while nonorganized employers and workers can obtain them on payment of a fixed annual contribution. Alternatively, nonorganized employers or workers are required to pay a special solidarity contribution to cover the cost of setting up and maintaining a control over the observation of employment contracts. The courts have, however, stipulated that such contributions, as well as the cost of the labor card, should in any case both be less than the prescribed union dues.

II. COUNTRIES WHERE COMPULSORY UNIONISM IS PROHIBITED, SAVE IN EXCEPTIONAL CASES, BY LAW OR COLLECTIVE AGREEMENT

In Austria, specific legislative provision prohibits compulsory unionism. Some tendency on the part of the workers toward introducing a system of compulsory membership has been observed with respect to the foodstuffs industry, but this has met with firm employer opposition.

In the Netherlands also, enforcement of union membership is prohibited by law. The employers' federation of the Netherlands reports that, exceptionally, a moderate form of compulsory unionism exists in the country for the graphic industry, but goes on to explain the apparent inconsistency of this with legislative provision. The federation adds, however, that compulsory unionism in general is considered unacceptable in the Netherlands both by employers and by workers.

In the German Federal Republic, the constitution guarantees freedom of association and hence the right of a worker either to join or not to join a trade union.

In Italy also, full freedom of association is guaranteed under the constitution. Neither labor legislation nor collective agreements contain provision relating to any form whatever of compulsory union membership.

According to the three replying Scandinavian federations (Denmark, Norway, and Sweden, compulsory unionism is prohibited under the terms of the basic agreements concluded by the three respective employers' confederations with the central workers' organizations. Organized employers in Denmark and Sweden are debarred under the statutes of their organizations from contracting union or closed shop agreements with unions. Outside the jurisdiction of the central employers' organizations, a very few collective agreements provide for such systems and, in the case of Denmark, these agreements have been held valid by the courts. While workers in Norwegian firms cannot, under the terms of the basic agreement, be forced to affiliate to unions, nonmembers may occasionally come under union pressure to do so. Employers can however apply to the labor court to have any undue pressure of this kind stopped. At the higher bargaining level, no attempt has been made by unions to insert union membership clauses in important agreements, since almost all workers in industry proper are already organized. The Norwegian employers also report that, exceptionally for longshoremen, who are not permanently employed by one employer alone, they have accepted a form of union closed shop.

In the Philippines, Government policy is to encourage the growth of free and responsible labor unions, based on the fundamental right that every person has to work. In consequence, labor laws do not permit compulsory unionism and any attempt to force this, says the employers' association, would not be accepted or tolerated.

III. COUNTRIES WHERE NO FORM OF COMPULSORY UNIONISM EXISTS

In France, the existence of the system of union plurality would effectively prevent any attempt to introduce compulsory unionism. Some tendency in this direction was noted in the postwar period but proved unsuccessful.

While no provisions exist for closed-shop systems or other similar systems in Luxembourg, pressure on the part of unions to stimulate membership has been observed. The employers' federation of this country reports that, in an agreement concluded with a local municipal authority, the contracting union obtained insertion of a clause under which, to secure the advantage entailed in the agreement, municipal workers who were not members of that union would be obliged to pay into the municipal social fund a sum equivalent to the union fee paid by members. After parliamentary discussion, the question of the legality of this clause has been submitted for decision to the Luxembourg State Council.

[1] Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, Philippines, Sweden, Switzerland, and the United States.

Australia

Outlining the position in Australia, the Australian Council of Employers' Federations reports that the system of industrial regulation there is twofold. The Commonwealth Conciliation and Arbitration Act has established a Commonwealth Arbitration Court and Conciliation Commissioners. Because of constitutional limitations these tribunals are empowered only to settle disputes extending beyond the limits of one state and can only settle them by conciliation or arbitration. That act contains provisions for preference to unionists which is not exercised unless discrimination against unionists is shown by employers. Generally speaking, the awards of that court do not provide for preference to unionists. In 1949 a conciliation commissioner, acting under the preference provisions of that act, made an order for compulsory unionism in the case of clerks employed by wool selling brokers. The employers challenged the validity of that order in the high court which held that the preference provisions of the act could not be used as a means of enforcing compulsory unionism.

Although Federal awards do not provide for compulsory unionism it is the practice in many industries. For example, it applies to coal miners, waterside workers (wharf laborers), seamen, heavy engineering, sheep shearing, the clothing industry, and some others. It has been enforced by unionists refusing to work with nonunionists and has, over the years, become established custom.

Within the States, industrial regulation is by the Industrial Arbitration Acts of the various states. For many years the Queensland Arbitration Act has made provision for preference in employment to unionists. The arbitration court appointed by that act has interpreted it as compulsory unionism. In awards of that court, preference must be given to unionists and any nonunionist engaged must become a member of a union within 14 days of his engagement.

For many years the Industrial Arbitration Act of New South Wales has contained a provision for preference, other things being equal, firstly to ex-sailors, soldiers, and airmen, and second to unionists. The awards made by the court established under that act contained such a preference clause. The employer judged the meaning of other things being equal. By an amending act of December 1953, the Government of New South Wales introduced compulsory unionism. Briefly, that legislation provides:

An employer engaging any person 18 years of age and over shall give preference to unionists.

Any person 18 years of age and over in employment on December 17, 1953, must become a financial member of a union within 28 days.

An employer shall not knowingly continue the employment of any person 18 years of age and over unless he or she is a financial unionist.

Employers in New South Wales have challenged the validity of this legislation in the high court and the proceedings in that court are not expected to begin before March 1955. In the meantime employers are not complying with that law.

Comparable legislation does not exist in the other states.

Austria

In Austria, the principle itself of the union closed-shop clause is contrary to the law. Under a federal act of April 5 1930 [2] recognizing freedom of association and the right of assembly, all previous collective agreements concluded between employers and workers which were conducive, either directly or indirectly, to the exclusive employment in an undertaking of members belonging to one professional association, have been rendered null and void. This act is still effective in Austria and is the reason why union closed-shop systems are practically of no significance whatever.

Except for certain sectors of the foodstuffs industry, there are no general tendencies on the part of the unions in favor of compulsory unionism. Such tendencies as may exist toward this end are opposed by the employers' organizations.

Belgium

The results of an inquiry that the Federation of Belgian Industries conducted among its affiliate members show that compulsory affiliation of workers to a trade union does not as a general rule exist in Belgium. One exception to this general rule is noted, however, as regards quarry workers. In this industry, in one region, workers are required to become union members and a nonunion member would not be permitted to work. In another region, while the unions take no hand themselves in the hiring of workers, they require to be informed of any dismissal that is contemplated. In this latter region, considerable pressure is being brought to bear by the unions to secure affiliation of the works. So far, this has not become compulsory.

In a number of other regions, in the quarrying industry, a strong tendency has been noted on the part of the unions to press union membership but this is as yet a tendency only and there is no obligation attached to it.

Similar tendencies have been noted in various enterprises in the metal trades sector.

Canada

Labor relations within manufacturing, retailing, and other commercial activities are regulated separately within each of the 10 provinces of Canada. The Federal Government has jurisdiction in labor matters only with respect to such workers as bank clerks, railway employees, steamship employees, airline employees, and employees of national communication organizations such as telephones.

None of the 11 labor codes compels any form of compulsory unionism although they all permit union-shop and closed-shop provisions being made part of a collective agreement.

The closed shop is largely limited to small craft groups but the maintenance of membership provisions is the most common form of membership requirement. The most common practice is to require workers to continue any decision to participate at least throughout the term of the agreement. Next to the maintenance of membership provision, the union shop and modified union shop are the most common types of union membership requirements. Under the union shop, all workers must join the union after they are hired. In the modified union shop, the workers who were in the employ of the firm before the agreement was signed and are union members already are subject to a maintenance of membership clause only. These methods are to be found among larger establishments.

Preferential hiring for union members is the least common of the union membership clauses. For the most part, it is applied in work of a seasonal nature. It differs from the closed shop in that membership is not obligatory but it guarantees preferential treatment in many matters of employment.

Reports indicate that union security provisions in collective agreements have tended to increase in recent years. A survey made in 1952 of 564 agreements shows that union membership as a condition of employment exists only for a minority of the employees reported on. These having a union membership condition most often had the maintenance of membership clause. Only in rare cases is there a closed shop provision, about 8 percent of the workers reported on. On the other hand, the union shop in some form or other affected almost one-fifth of the workers reported on and the maintenance of membership provision affected about 27 percent. The checkoff (deduction from the worker's wages of his union dues) in some form or other, from the voluntary and revocable to the compulsory, affected about 80 percent of the workers covered under these agreements. The compulsory checkoff affected 30 percent of the workers and the voluntary checkoff 50 percent.

If legal provisions making deduction of union dues compulsory for the employer can be considered compulsory unionism, the Canadian Manufacturers' Association states, then this exists in Canada in six provinces, Alberta, British Columbia, Newfoundland, Nova Scotia, Prince Edward Island, and Saskatchewan. While some of the procedure is more involved than others, the underlying principle is that if the majority of the employees in the bargaining unit desire to have their union dues deducted by the employer and paid to the union, the employer must do this on the written assignment of an employee requesting such deduction.

Under most of the Canadian provincial laws respecting checkoff, the employer is compelled to accept it if the majority of the employees desire a checkoff which is usually signified by a vote and the individual employees sign the authorization. One might, the association notes, have a situation where the majority of the employees voted that there be a checkoff, and yet only a minority sign individual checkoff authorizations.

The association finally reports that there is a strong possibility that the Parliament of Canada will also change its Industrial Relations and Disputes Investigation Act to include a similar provision compelling the employer to checkoff union dues on the voluntary written request of an employee. The association is opposing this although the industries under the jurisdiction of the Canadian Parliament are not, as previously explained, manufacturing industries. The association's opposition is based on the ground that the checkoff is a bargaining point and the legislature should no more force it upon an employer than any other bargaining issue.

Denmark

In the opinion of the Danish Employers' Confederation, there are two different aspects to the question of compulsory unionism:

(a) The relations between the employer and the workers; and

(b) those between the unions themselves and the workers.

As regards (a), there is nothing under Danish legislation or arbitrational awards which establishes an obligation for an employer to employ union members only.

The right of the employer to freedom in the hiring of labor is guaranteed under an agreement popularly known as the September agreement, still in full force, which was concluded as long ago as 1899 by the Danish Employers' Confederation and the Danish Federation of Labor. Under paragraph 4 of this agreement:

"The employers' right to direct and distribute the work and to use what labor may, in his judgment, be suitable at any time is acknowledged by and, if necessary, must be supported by the workers' central organization."

Consequently, the employer may hire workers without regard to their union status, any intervention on the part of a trade union constituting a breach of contract. Although employers may waive this right, the Employers' Confederation has consistently forbidden its members to do so.[3]

[2] Antiterror law, par. 1—Bulletin of Austrian Laws No. 113.

[3] The Danish System of Labor Relations, Walter Galenson, Harvard University Press, 1952, p. 24.

Paragraph 20 of the confederation's statutes states, in effect, that:

"Neither the organizations, their individual members, nor individual undertakings may, without the approval of the chief committee, enter into agreements with the workers' organizations concerning * * * an obligation solely to employ organized workers."

Thus agreements which are concluded within the confederation's range of influence do not contain closed-shop clauses.

Outside the confederation's jurisdiction some collective agreements do contain provisions of this sort and have been held valid both by the labor courts and by the ordinary courts. Where such clauses are exceptionally found applying to organized employers, this is because the agreement embodying the closed-shop clause was signed before the employer became a member of the Employers' Confederation and it has not yet been possible to have the clause deleted by negotiation. Closed-shop clauses are thus mainly found outside the confederation's range of influence and such clauses that exist in agreements entered into by unions and employers who are not members of the confederation are sooner or later canceled out during the negotiation of agreements after the employers are affiliated to the confederation.

Regarding the second aspect of the question, namely, the relations between the trade unions themselves and the workers, the question of whether or not a trade union can refuse to admit a worker to membership is closely connected with the foregoing. In accordance with legislation relating to professional association, as it has developed through case law, it is an established rule that any member of the labor force normally included within a trade union's sphere of action has a legal right to be admitted to membership of that union, unless the courts adjudge that there are sufficient reasons to warrant admittance being refused. It is impossible in this summary to give an exhaustive account of the reasons which may entitle the unions to refuse admittance as each case must be decided in the light of its particular circumstances and the special conditions of each trade. Briefly, however, a worker who is guilty of a breach of the discipline enforced by the union—failing to take part in a legal action ordered by the union, for example—and who is consequently expelled from union membership, has no right to be readmitted. On the other hand, conditions that are not directly related to the achievement of the general aims of the union do not, as a rule, entitle the union to refuse admittance.

In the case of a worker who applies for union membership but who is refused without valid reason, with the result that he is either unable to obtain employment in his trade or is dismissed from his employment, the courts can order the union to pay compensation.

France

In France, there are no provisions made in connection with union or closed shop systems either in the national labor legislation or in collective agreements. Neither is there any obligation of this kind laid down by arbitration award and, in this connection, the National Council of French Employers recalls to mind that arbitration is not compulsory in France.

Immediately following the last war, some tendency toward such schemes was noted on the part of the General Confederation of Labor, this for political reasons. The attempt made by the workers' organization to introduce a system of this kind was, however, unsuccessful and was, in any case, doomed to failure as a result of the system of union plurality that is one of the characteristics of French labor relations. The sense of individual liberty is, moreover, too deeply implanted in the mind of the French people for it to have been possible to impose such an obligation.

The French employers state that they are categorically opposed to union claims of this nature, freedom of association being fully respected.

Germany

In Germany compulsory unionism does not exist as the constitution of the Federal Republic protects freedom of association in both senses: while it recognizes the right of a worker to become a union member, it also recognizes his right to abstain from such membership. Consequently, no worker can be forced into membership with a trade union.

Trade unions in Germany do not organize the shop but the individual worker. Union closed shop clauses, in the limited sense of the word, cannot therefore be negotiated within the Federal Republic of Germany.

Greece

Until recently, Greek labor laws turned a great number of jobs into a closed shop. These provisions existed mainly in laws and decrees while collective agreements including such a clause do not exist, at least for important categories of employees.

Still, it is not only through labor laws that such a regime was imposed in Greece. This was also done in an indirect way, i. e.:

(a) By the granting of health certificates to certain categories of workers. The royal decree of August 25, 1920, had stipulated that certain specific jobs should be filled by workers supplied with a health certificate after adequate medical examination. In the beginning, these jobs were mainly those that could prove dangerous to the health of the people. In fact, though, this practice eventually led to the closed shop, as no health certificate was granted unless the worker was registered with the relevant trade union.

(b) On the other hand in cases we had a de facto imposition of the closed shop. Thus, for example, the linotypists have long prevented the entrance into their profession of any newcomers by refusing them the necessary training or by threatening strikes, and so forth.

The whole system is applied in Greece at the level of industry rather than at the level of individual enterprises.

Before the last abolition of a large number of decrees by which the closed shop was imposed for certain categories of workers, the most important categories from the point of view of the number of the persons employed and the importance of their productive function, were the following: (1) Tobacco workers, (2) flour mill workers, (3) longshoremen, (4) printers, (5) bakery workers.

As already stated, several categories of workers were also affected by the system of health certificates which, in fact, was an indirect form of closed shop. Well over 80,000 workers were affected in this way, 60,000 of them in the textile industries alone.

It is clear that if drastic steps had not been taken in order to stop this trend toward the closed shop, it would have led to a state of absolute lack of any freedom of work.

It was the royal decree of June 16, 1953, that revoked 19 decrees imposing the regime of health certificates. Among the decrees revoked were those for the textile and chemical industries. Those two at least very important branches of the Greek industry avoided becoming sanctuaries for the most negative and unliberal form of labor protection. At the same time, the original form of the closed shop suffered a blow. By the law 2348/1953 the monopoly of the tobacco workers, who were supplied with a special permit of work, was abolished.

These legal measures constitute a bold step toward the restoration of freedom of work in Greece, but much has to be done in order to free the country's economy from a system which has proved asphyxiating to the right that every individual has to work.

Greek employers have long taken a clear and implacable stand toward this situation, inasmuch as constitutional reasons back this attitude of theirs, clause 3 of the Greek Constitution, providing that freedom of work is inviolable.

While it can be assumed that the present tendency toward closed shop has been reversed as a result of the recent enactment of the above-mentioned laws and decrees, a no less equally decisive factor to this end has been, we believe, the abolition under the ministerial resolution No. 25686, May 17, 1954, of the two drachmae compulsory contribution of every Greek employee to the Greek General Confederation of Labor.

This contribution, by its obligatory character, constituted a form of compulsory unionism of the most undemocratic nature. As such it was condemned by the team of ILO experts who visited Greece a few years ago in order to study labor conditions in this country (viz, Les Problems du Travail en Grèce, B. I. T. Genève 1949, p. 270).

Italy

In reply to our enquiry, the General Confederation of Italian Industry reports that, in Italy, full freedom of association is formally guaranteed under article 39 of the Italian Constitution. Consequently, neither labor legislation nor collective agreements contain provisions relating to the union closed shop or any other similar system.

It is noted that the organization of workers is carried out in Italy on an occupational and regional basis and that union organization of an undertaking as a whole does not exist, employer-employee relations (except for employment contracts) coming under the jurisdiction of the Works Committees.

Japan

According to a survey carried out by the Japan Federation of Employers' Associations on 368 companies in the principal industries of the country, about 60 percent of the trade agreements provided for a union shop clause and about 3 percent had closed shop systems. According to the survey carried out by the Japanese Labor Ministry on 1,075 labor agreements throughout the country, approximately 80 percent had the union shop clause and about 2 percent had the closed shop system.

As the trade union movement in this country became popular only after the end of World War II, and the unions during this cradle stage were not powerful enough, the union leaders insisted on the adoption of compulsory unionism. Most employers, being inexperienced at the early stage of the development of trade union movement, yielded to the unions' demand. And so today, the union shop system is comparatively widely adopted.

However, in order to protect management's prerogatives in dealing with any employee who has been ousted from the union, the union shop clause in most existing agreements reserves the right of the management to make final decision on whether the employee in question should be discharged or allowed to continue his service as a nonunion member. Hence, it is the so-called modified union shop system which is today most prevalent in this country. Since compulsory membership is recognized as a condition of employment under this system, it can be said that it is still compulsory unionism.

As regards legislation, article 7 (Unfair Labor Practices), paragraph one of the trade union law reads, in part, "Provided, however, that this shall not prevent an employer from concluding a trade agreement with a trade union to require, as a condition of employment, that the workers must be members of the trade union if such trade union represents a majority of the workers in the

particular plant or working place in which such workers are employed."

The Japan Federation of Employers' Associations is advocating the open shop system as more democratic than the union shop system but there is no open opposition to the latter among most of the employers affiliated with the federation inasmuch as the law permits the adoption of this system.

Luxembourg

Neither the closed-shop system nor any other similar system exists in Luxembourg.

In the past, however, the workers' union organizations have on more than one occasion protested through their press against the nonaffiliation of workers. For example, it has been contended that nonunion members should not be entitled to benefit from the advantages secured through union-management bargaining; or in general, through collective agreements secured through union intervention. In the union journal for railway workers, nonunion members have thus been referred to as parasites of human society and a danger of democracy. Consideration, it is urged, should be given to this problem, measures eventually being taken with the employers' organizations to exclude nonunion members from participating in the advantages secured by organized workers.

Neither the Federation of Luxembourg Industrialists nor, to its knowledge, any other specialized employers' organization has so far been approached in this matter by the workers' organizations. Any such measure proposed would not however, the federation states, be accepted.

For the purpose of information, the federation reports the following case:

At the beginning of 1953, a question was asked in the Chamber of Deputies on the subject of a collective agreement concluded between the Dudelange municipal authority and a Socialist workers' organization. Reference was made to the provision in this agreement under which municipal workers who were not members of the union would not be entitled to benefit from the advantages secured under the new collective agreement unless two conditions were carried out: first, the municipal administrative college must give approval; second, such workers must pay into the municipal fund to the profit of the social office, a sum equal to the union subscription payable by union members.

In reply, the home secretary stated that, as the legality of this measure seemed questionable, the matter would be submitted to the state council for opinion. This has since been done, but as yet the state council has not expressed its opinion.

Mexico

In Mexico, the workers have managed to obtain insertion of an exclusion clause in their collective agreements under which a worker who is not a union member or who does not remain a union member must be dismissed by the employer. This system exists at the level of the undertaking and is in effect for very many trade-union organizations.

The Mexican employers consider far more dangerous however the union exclusive contract clause under which employers are obliged to hire only those employees and workers whose names are proposed by the unions. Wherever this latter system has been established, the employers have countered by laying down a series of technical qualifications that union-proposed workers are required to possess in order to be taken on. When such workers or employees do not possess the qualifications demanded, the employer himself generally proposes a suitable candidate to the union.

Netherlands

In Holland, it is legally forbidden to make membership of trade unions compulsory. Article 1 (3) of the Collective Agreements Act of 1927 stipulates that an employer cannot be forced to employ members of a certain union exclusively.

There is only one industry that is known to make membership compulsory in a moderate way. This is under the collective agreement concerning the graphic industries. Article 73 of this agreement stipulates that the employer is not allowed to employ anyone who is not a member of one of the unions signatory to the collective agreement. The question has been raised as to whether this does not contravene the Collective Agreements Act mentioned above. The reply has always been negative: The act refers to "a certain union," whereas in the collective agreement for the graphic industries there is a choice left for three unions. Moreover it is made possible for the contracting parties to admit other organizations as well.

The problem of compulsory membership again arose in Holland when the contracting parties to the collective agreement for the graphic industries introduced a request to have their contract made generally binding.

The possibility of forcing employers and workers not belonging to the contracting organizations to comply with the provisions of the agreement was instituted by the act of 1937 concerning the binding and nonbinding nature of collective agreement provisions, Article 2 (5) of this act lays down that provisions which attempt to force employers or workers into membership with employers or workers' organizations or to effect unequal treatment of those organized and those that are not, cannot be made binding.

The Board of Government Conciliators—a Government body which rules on the binding and nonbinding nature of clauses—has made article 73 of the collective agreement for the graphic industries binding in spite of the above restriction, with the view that compulsory organization is a fundamental princip for vocational training in the industry and for the entire system of social benefits secured through certain funds in this industry.

The board further considered that this clause allows the possibility of obtaining permission from a board comprising representatives from the various organizations to employ organized persons. Though on these grounds the clause in question was not considered to be opposed to legislative provision, the Government conciliators further added that, in case dispensation was not granted, the decision of the industrial board could be overruled by the conciliators themselves.

While thus insuring that those unorganized are guaranteed fair treatment, the Dutch Government has in fact accepted compulsory membership in this single case. The employers' federation adds, however, that compulsory unionism in general is considered unacceptable in the Netherlands both by employers and by workers. This is also evident from the legislation quoted above.

The question has nonetheless been raised in Holland as to whether it is right or fair that unorganized workers should profit from the results of the work that has been done in the social field by the unions over the course of the years. Accordingly it has been debated whether it might not be fair for the unorganized worker to bear part of the cost of this work in the form of a tax amounting to the contribution, usually paid by organized workers to their union. Though the question has been raised in some industries in employer-worker discussion, the Central Employers' Federation is unaware of any instance apart from the graphic industries where such a levy has been put into effect.

Norway

In Norway, there are very few collective agreements containing union closed shop clauses.

The confederation has always been opposed to such clauses and provision for freedom of organization is made in section 1 of the basic agreement concluded by the confederation with the Norwegian Federation of Trade Unions. According to this provision, workers are free to decide whether they wish to join a union or not. Nevertheless, the workers are exposed to a certain pressure both from the unions and from their workmates, aiming at union membership; but if undue influence is exerted on the worker in question, or on his employer, the employers are entitled to have such pressure legally prohibited through the agency of the labor court. Strikes or similar actions in this respect are therefore illegal.

Within a very narrow sector, however, the Norwegian Employers' Confederation has accepted some kind of union closed shop, namely, for longshoremen. Collective agreements relating to this category of workers provide that union members should have preference in performing the work. The reason is that such workers are not permanently employed by one employer alone.

Outside the scope of the confederation, the unions have secured union closed shop clauses in some collective agreements with individual employers, small employers' organizations and the organizations of consumers' cooperative societies in Norway. These clauses however affect comparatively few workers only.

For several years there has been no dispute as regards provisions concerning freedom of organization in the basic agreement mentioned above. The unions have not tried to introduce union closed shop clauses in really important collective agreements, due to the fact that in ordinary industry nearly 100 percent of the workers are organized.

This also applies to ordinary workers and subordinate white-collar workers. As regards the question of foremen, some difficulty arose 2 years ago when the Norwegian Federation of Trade Unions attempted to organize this category of wage earners also. The Norwegian Employers Confederation opposed this, and the question was finally solved by the introduction of a new law granting full freedom of organization to foremen and technical supervisors. Union closed shop clauses would therefore constitute an infringement of this law.

The Norwegian Employers' Confederation considers full freedom of organization to be highly important and is prepared to use all its power to resist any attempt to have union closed shop clauses introduced on the Norwegian labor market.

Philippines

There is no provision for compulsory unionism contained in the Philippine labor laws. The policy of the Government has been consistent in encouraging the growth of free and responsible labor unions based on the right of the person to work, which is as fundamental as the right to life, liberty, and the pursuit of happiness.

The Republic Act 875, otherwise known as the Magna Carta of labor, was enacted precisely to avoid any compulsory measures either on the part of the workers or on the part of the employers. This act applies with equal effect to both parties.

In consequence, any form of compulsion and/or compulsory unionism would not be sanctioned or tolerated, as it would be contrary to the policy of the aforementioned Magna Carta of labor.

Sweden

For undertakings affiliated to the Swedish Employers' Confederation, the introduction of a system of union closed shop is prohibited under article 35 of the confederation's statutes. This article states that "the right of the employer to hire and to dismiss his workers, to direct freely and allocate work and to employ workers who are members of any trade union or, alternatively, who are

not members of a trade union, shall be stipulated in all collective agreements concluded between an affiliate or participating member of the confederation and a trade union or workers' federation."

This right of the employers was recognized by the unions in 1906 after lengthy negotiation resulting in a compromise, the employers accepting to recognize and to support the right of the workers to organize. Since that date, these rights have not been contested.

There are, however, a number of associations covering branches of industry which are not affiliated to the Swedish Employers' Confederation, and a few of these associations, which cannot be considered as representing industry in the proper sense of the word, have closed-shop provisions inserted in their collective agreements. This exception from the general rule, however, is of small importance in the overall situation. The same observation applies to those undertakings which are not organized under a central association and for which collective agreements frequently contain a closed-shop clause.

Switzerland

In Switzerland there is the system of union plurality, the workers being represented by four trade union organizations: The Swiss Trade Union Association, 389,178 members; the Swiss Federation of National Christian Trade Unions, 64,251 members; the Swiss Association of Evangelical Workers and Employees, 16,425 members; the Swiss Association of Independent Trade Union, 16,010 members.

Swiss legislation and collective agreements do not contain any provision for either a union-shop system or a closed-shop system. In some exceptional and unimportant cases, however, collective agreements have been concluded with provision being made for the system known as union reciprocity under which the employer members of the contracting association undertake to employ only workers who are members of a union, the union members undertaking in return to accept employment only with firms affiliated to employers' organizations. Such agreements are however very much in the minority and in general have local effect only.

Some unions, particularly the unions affiliated to the Swiss Trade Association, frequently attempt to secure union monopoly for themselves by exerting pressure on workers who are either nonunion members or members of some other union.

One particular method employed by the unions to strengthen their position is to have provision made in collective agreements for the system of labor cards or solidarity contributions. Under the labor professional card system, the employers undertake to offer employment only to workers in possession of a labor card, while the workers in turn undertake to accept employment only with employers holding a professional card. Members of the employers' and workers' organizations signing the collective agreement are considered as being in possession of the labor or professional card and it is made available to nonmembers on payment of a fixed annual contribution.

Under the second system—the solidarity contribution—instead of a labor card given in exchange for payment, employers and workers who are not members of an organization are required to pay a special union contribution to cover the expenses of setting up and maintaining a form of control over observation of employment contracts.

The natural outcome of these two systems has been to exert a certain pressure on employers and workers who are not already members of an organization to become members. While, however, the labor tribunals have recognized the legitimacy of both the labor card and the solidarity contribution, their acceptance has been subject to the condition that the amount paid, either in payment for a labor card or as a solidarity contribution, shall not exceed a stated sum considered as equitable and which must be less than the sum normally laid down as union fee.

The two systems were first introduced for the small trades industry and have not been extended to industry properly speaking.

On the legislative side, the Swiss Employers' Union reports that while the national legislation does not contain any special provisions guaranteeing freedom of association, there are a number of legal prescriptions of a general nature which are effective in preventing the introduction of compulsory unionism.

In the first place, article 56 of the Federal Constitution recognizes the right of the citizens to form associations provided there is nothing in the aims of such associations or in the methods they employ that is illegal or which constitutes a danger to the State. The prime object of these prescriptions however, the Swiss employers note, is to safeguard freedom of association for the individual with respect to the State, the latter thus being prevented from imposing restrictions on the right of the individual to become organized.

It is also noted that an individual worker may appeal to the courts in cases where pressure to become a union member has unlawfully been brought to bear on him either by the unions or by other persons. His appeal may be based on the prescriptions of the Swiss Civil Code or these of the Penal Code. Under article 28 of the Civil Code, any person who suffers unlawful prejudice to his personal interests may apply to the judicial authority for such prejudice to be discontinued. In the same way, article 31 of the Federal Code of Obligations states that anyone who causes, in an unlawful manner, damage to be suffered by another, either intentionally or through negligence of imprudence, shall be held to make such damage good. Judgments have already been awarded by the courts on the grounds of these prescriptions ensuring respect for the right of freedom of association. Moreover, in certain cases, attempted infringement of the right to freedom in association can constitute a penal offense and in such cases the prescriptions of the Penal Code concerning either menace (art. 180) or constraint (art. 181) can be invoked to secure protection from these acts.

Finally, as regards the general enforcement of terms of collective agreements, provision is expressly made in current legislation that general compulsory application shall only be declared if the clauses in question respect freedom of association.

In conclusion, the Central Union of Swiss Employers Associations states that both the Swiss employers and their organizations are steadfast supporters of the principle of freedom of association and are categorically opposed to compulsory unionism.

United States

Union Security Protection

Protection of trade-union rights in the United States is secured by law. The effect of the Labor-Management Relations Act of 1947 (the Taft-Hartley Act) is that when a majority of the workers demonstrate that they wish to be represented by a union, the employer is legally obliged to recognize that union and he may not engage in certain acts defined as unfair labor practices which might serve to undermine the unions.

In consequence, as the Taft-Hartley Act protects the right of the individual worker to join a union if he so chooses, as well as the rights of trade unions, the attitude of American employers is that the compulsion of union membership or the compulsion of union dues payment is wholly unjustifiable.

Whatever form compulsory unionism may take[4] it is regarded by American employers as a denial of the right to refrain from self-organization. Whenever trade-union membership is made an indispensable condition of employment, a tendency naturally follows for unions to obtain a monopoly of the labor force which in turn invites abuse of such monopoly power so as to represent a serious threat to a free society.

From the worker's point of view, the power that unions can wield through compulsory unionism not only can infringe his right to secure and keep employment, but can deprive him of veto power over unacceptable conditions and interfere with his individual economic status and advancement.

For the employer, that same power in the hands of the unions can erect an impenetrable barrier to any attempt on his part to establish sound labor-management relations. It destroys discipline by making the worker more responsive to the wishes of his union officers than to his foreman. The employer may also be required to discharge his ablest workers for offenses that are essentially of a union character. At the same time, any satisfactory collective bargaining is made practically impossible under conditions of compulsory unionism. Last, but by no means least, compulsory unionism hits the consumer. Wages and other costs arbitrarily forced up to uneconomic levels through union pressure resting on power obtained by compulsory unionism, production cost increases brought about by union-enforced production rules limiting work performed in a given time, all inevitably are reflected in the price paid by the consuming public.

Closed Shop—Union Shop

Under the Taft-Hartley Act of 1947, the closed shop is now prohibited. This prohibition was inserted in the Act after the United States Congress, prior to the passage of the Act, had been confronted with irrefutable proof that the closed shop as practiced under the previous Wagner Act had given rise to serious abuse.

While outlawing the closed shop, however, the Act permits under certain circumstances the union-shop system, under which all employees in the appropriate bargaining unit must join the union within a fixed time from the date of employment and must thereafter remain members in good standing in the union with respect to the payment of union dues and certain specified payments, or the employer is required by the union to discharge them.

It follows that there is little difference between the two systems, since each compels union membership as a condition of employment. The only concession made by the Act is that a majority of the workers may revoke a union-shop clause agreed upon by their union. Even so, 49 percent of the workers in a bargaining unit may be compelled to join a union against their will.

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[4] Apart from the closed- and union-shop systems, various other forms of compulsory unions are practiced in the United States, notably: Maintenance of membership, provided by collective agreement, under which employees who are union members on a specified date, or who subsequently join the union, must remain members in good standing during the life of the contract, and are not free to resign without loss of employment; checkoff, the automatic and regular deduction of union dues from the wages of union members by the employer before wages are paid. In such cases, the checkoff is dependent upon written authorization from the worker; preferential shop, agreement between an employer and a union that preference be given to union members, where available, in hiring and reemployment and other matters.

The Act also provides that a State already prohibiting compulsory unionism under its own laws shall be exempt from the union-shop proviso of the act.

The Employers' Position

The principles affecting this question as advocated by the National Association of Manufacturers are as follows:

"Every employee and prospective employee should be guaranteed freedom, without intimidation or coercion from any source, to join or not to join a labor organization and to maintain or discontinue his membership and participation in its activities. This means that—

A. Membership or nonmembership in a labor organization should not determine the right of any individual to secure or keep a job;

B. No individual should be deprived of his right to work at a job available to him, nor should anybody be permitted to coerce, to harm or to injure the employee, or his family, or his property, at home, at work, or elsewhere, in any matter or action relating to his employment.

To conclude, it is not without interest to quote the views of a Justice of the United States Supreme Court on the subject of industrial liberty:

"It is not true (he says) that the success of a labor union necessarily means a perfect monopoly. The union, in order to attain and to preserve for its members industrial liberty, must be strong and stable. It need not include every member of the trade.

"Indeed, it is desirable for both the employer and the union that it should not. Absolute power leads to excesses and to weakness. Neither our character nor our intelligence can long bear the strain of unrestricted power. The union attains success when it reaches the ideal condition, and the ideal condition for a union is to be strong and stable and yet to have in the trade outside its own ranks an appreciable number of men who are non-unionist.

"In any free community the diversity of character, of beliefs, of taste—indeed more selfishness—will insure such a supply if the enjoyment of this privilege of individualism is protected by law. Such a nucleus of unorganized labor will check oppression by the union as the union checks oppression by the employer."

RETIREMENT OF CHARLES E. WILSON AS SECRETARY OF DEFENSE

Mr. NEUBERGER. Mr. President, I should like to comment briefly upon the retirement of Charles E. Wilson as Secretary of Defense.

I am not an admirer of President Eisenhower's Cabinet as a whole, because I fear that it lacks in human sympathy and in support of governmental policies which would ameliorate inequities and unfairness in our way of life.

It also has been a Cabinet lacking in candor and courage—as witness, for example, the evasive testimony by Under Secretary of State Herter before the Senate Foreign Relations Committee recently, in trying to justify ambassadorship appointments of men untrained in diplomacy or international affairs.

However, courage and bluntness have been traits of at least one member of Mr. Eisenhower's Cabinet. That man has been Secretary Wilson. I do not know Mr. Wilson personally. He and I last met at Whitehorse, in the Canadian Arctic, when I was a second lieutenant in the Army and he was a General Motors official assigned to study the operation of motor vehicles in subzero temperatures on the great Alcan Highway. That was in 1942. We shook hands in a spruce-board barracks, although I am certain the Secretary would not remember that meeting. But he impressed me favorably as a man then, and his political courage has impressed me favorably from a distance while he has served in the President's Cabinet.

This is a town where evasiveness, doubletalk, straddling, and the quick shift often pay off—unfortunately Mr. Wilson has never been such an official. He has not hesitated to offend powerful groups politically. He has not hesitated to speak his mind to Congressional committees, when those committees occasionally consisted of men who were not above bullying or browbeating a witness. I salute Secretary Wilson for these personal characteristics of forthrightness and candor, without necessarily endorsing all of his policies in the Defense Department.

Nor can I close this brief tribute without expressing my admiration for Secretary Wilson's charming wife, Mrs. Charles E. Wilson, who was not afraid to place loyalty and love of her husband above fealty to the President, and who spoke up in defense of her mate. May there be more wives like Jessie Ann Wilson in our Nation's Capital.

PROPOSED INCREASE IN VETERANS' COMPENSATION—NOTICE OF INTENTION NOT TO OFFER AMENDMENT

Mr. LANGER. Mr. President, a few days ago I submitted an amendment intended to be proposed by me to House bill 52, a bill to provide increases in service-connected disability compensation and to increase dependency allowances, when it should be taken up for consideration.

I am informed that at this time the amendment has no parliamentary status. I hereby give notice that it is my intention not to offer such amendment.

CALL OF THE ROLL

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISPOSAL OF CERTAIN PROPERTY AT OBSOLESCENT CANALIZED WATERWAYS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1520) to amend an Act entitled "An act to provide for the disposal of federally owned property at obsolescent canalized waterways and for other purposes," which was to strike out all after the enacting clause and insert:

That section 2 of the Act approved August 6, 1956, entitled "An Act to provide for the disposal of federally owned property at obsolescent canalized waterways, and for other purposes", Public Law 996, 84th Congress, 2d sess., is hereby amended by adding the following: "*And provided further,* That in lieu of preparing dam numbered 3 on the Little Kanawha River, W. Va., for abandoning, such funds may be expended for modification of the lock and restoration for said dam either as a movable or fixed type dam, but not to exceed $50,000, contingent upon local interests furnishing such additional funds as may be necessary and agreeing to accept the property and take over operation and maintenance of said structure."

Mr. CHAVEZ. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CHAVEZ, Mr. KERR, Mr. GORE, Mr. MARTIN of Pennsylvania, and Mr. REVERCOMB conferees on the part of the Senate.

REDUCTION OF INCOME TAXES

Mr. YARBOROUGH. Mr. President, we discuss many different subjects in the Senate, but the subject I believe the people want to hear discussed is the subject of an income-tax cut. One of the Nation's leading weekly news magazines, the U. S. News & World Report, in its recent issue of August 9, 1957, has a very interesting and informative article on this subject entitled "What About a Tax Cut?"

Mr. President, we have had one tax cut under this administration, but 73 percent of that cut went to corporations, 18 percent to people in the higher tax brackets, and only 9 percent to the 80 percent of the people in the low-income tax brackets.

The burden of taxation is bearing down hardest on the little man of modest earnings. His taxes are deducted from wages; he never gets his hands on the money, he has no tax writeoffs, fast or slow.

Mr. President, the Nation needs a tax cut, and one for the people this time. I favor a tax cut for all the people, everybody, arrived at by increasing the deduction on personal incomes from $600 per person to $800 for every person. That is what the people want, and anything less will be an unwarranted disappointment.

Mr. President, the Congress talks of many things, but the people are thinking of tax cuts. It is time the Congress recognized the crushing burden the average family bears because of income taxation.

I request unanimous consent that the article, What About a Tax Cut? from U. S. News & World Report, be printed in the body of the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT ABOUT A TAX CUT?—THE MEN WHO WRITE THE LAWS GIVE THEIR ANSWERS

People ask more and more often whether taxes on incomes will be cut, when those taxes will be cut and how big any cut will be.

Answers to these and other questions can be given only by Congress, particularly the 40 Members who make up the House Ways and Means Committee and the Senate Finance Committee. To get those answers, U. S. News & World Report interviewed members of the two committees.

From the 35 Senators and Representatives ready to express an opinion come these appraisals of the tax outlook:

There are 11 members of the tax-writing committees who say that a cut in taxes will be made on 1958 incomes of individuals. At the same time, eight committee members say flatly that there will not be a tax cut. The 16 others who express an opinion say that the question of a tax reduction will depend on the degree of inflation next year, on the state of the Government's budget and on the intensity of political pressure in an election year.

Any cut in taxes, all seem agreed, will be modest at first, probably not much more than $3 billion out of $41 billion now taken by taxes on incomes of individuals and $22 billion taken by taxes on incomes of corporations.

If taxes are cut, the weight of opinion is that the cut will affect income earned after July 1, 1958, and not income earned from January to July 1958. The cut, in other words, will not be retroactive to the first of the year.

Individuals will be favored over corporations when the first tax cuts are made. Most members of the tax-writing committees are willing to predict that there will not be a reduction in the tax on income earned by corporations in 1958. However, there is widespread feeling that it is unfair for the Federal Government to take more than 50 percent of the earnings of private business. As soon as the budget warrants, it seems clear that corporation taxes will be reduced to 50 percent—or to 47 percent—from the present 52 percent.

Cuts in excise taxes are not looked for in 1958 by most of those on the tax-writing committees. There is sentiment for removal of the tax on transportation, when and if budget conditions permit.

WAYS TO CUT

You get this further composite of opinion from interviews with members of the tax-writing committees:

Higher exemptions? There will be very strong support for an increase in personal exemptions as the first point in any bill for cutting taxes. The increase most often mentioned is from the present tax exemption of $600 to an exemption of $700 for each person. This increase would remove 3.9 million taxpayers from the tax rolls and would cost an estimated $2.8 billion in revenue. The result would be a severe limit upon the size of other cuts in taxes, if revenue losses are to be held within limits now talked about.

LOWER RATES?

A flat cut across the board in rates of income tax is given second priority. A cut of 5 percent is talked about by some committee members. Others express the opinion that a cut of 10 percent will command much support. However, a 10-percent cut in the tax would cost $3.5 billion. If these billions then should be added to the $2.8 billion that would be lost by a $100 increase in personal exemptions, the result would be a revenue loss of roughly $6 billion. This is more than the amount of reduction in revenue that most committee members consider desirable.

RELIEF AT THE TOP?

A widespread feeling exists within the tax-writing committees that the very highest bracket of tax on incomes should be reduced. A level of 75 or 70 percent—or lower—is mentioned as the tax summit in place of the present 91 percent. If only those top brackets are involved, the revenue loss will be small. But if the cuts are to be extended downward into middle incomes, the revenue loss will be large. The point is made by a number of members of the tax-writing committees that extremely high rates of tax encourage taxpayers to seek ways to avoid those rates.

Those are the broad conclusions to be drawn from interviews with 35 out of the 40 men who shape tax bills and whose decisions largely determine the actions of Congress on tax policy.

The interviews, at the same time, turned up many interesting viewpoints, and much comment of interest to taxpayers. In addition to their opinions as to what actually will be done about taxes, the tax shapers have strong ideas about what really should be done—and why.

In the interviews quoted, you get an insight into the thinking of key members of the tax-writing committees of Congress.

REASONS FOR RELIEF

There is unanimous agreement among those who write tax bills that relief from high taxes is badly needed—and there is frustration over budget problems that have delayed tax cuts.

A Republican member of the Ways and Mean Committee puts it this way: "Unless we do something to this tax structure pretty soon, we are going to be killing the goose that laid the golden egg. I think our taxes are so high that we are actually beyond the point of diminishing returns. We are damaging our basic economy and our tax structure itself by maintaining these tax rates. Something has to be done, in my judgment."

A Democratic colleague agrees: "In my judgment, these confiscatory rates are unwise from a revenue viewpoint, and they are not imposed for purposes of obtaining revenue. If they are lowered substantially, the Government would realize more revenue, because it would coax more funds out of tax exemptions and tax-exempt investments and would put more funds into risk capital."

There's agreement, too, that today's tax rates foster extravagance on the part of individuals and corporations. When Government takes 52 cents of each $1 of corporation earnings, the tax writers point out, a corporation can spend $1 at a cost of 48 cents.

As a Representative of an Eastern State expresses it, "I've always felt you shouldn't take away more than half of people's income, generally. I think it's a headache that makes for extravagance. The moment people see that Uncle Sam is going to pay more than half the cost of an expenditure, they start extravagance, and that leads to higher prices."

THE MAIN BARRIER

Only one major problem lies in the way of tax relief, the legislators say repeatedly. That's the question of making room in the budget for a revenue loss.

A Democratic Senator, asked if there will be a tax cut on 1958 incomes, answers: "I don't think so. I think we're going to end up with a very close budget situation in fiscal 1958, and I doubt if there is going to be any slash in income taxes, because the balancing of the budget is contingent on too many things—such as the postal increase that I don't think is coming."

A southern Democrat, recalling efforts by his party colleagues to put through a tax cut last year, agrees, and adds: "I don't think anybody wants to be accused of fiscal irresponsibility."

The $275 billion lid clamped on the national debt by Congress figures in the thinking of these tax writers, too.

Reluctance to grant tax relief out of borrowed dollars—that is, with a budget deficit—is not all that bothers the tax writers. There's the matter of the debt ceiling itself.

A high-ranking Republican on the Senate Finance Committee had this answer to the question about tax relief in 1958: "I don't think political pressure can force it unless we've got the money, because we're scraping the debt ceiling already." He doubts that voters will go along with any plan to boost the debt ceiling and give tax relief by deficit financing.

By no means all the taxwriters, however, take so gloomy a view of the budget. A number look for a sizable surplus. And at least one takes the view that tax cuts must come anyway.

Says an influential Republican on the Ways and Means Committee: "I think that we can't reduce expenditures unless we proceed to cut taxes first. Government bureaus are so eager to expand * * * that the hopes of having a substantial balance in the budget in advance of tax reduction is nil. Government will feed on all the tax receipts that are available and, therefore, I believe the way to get reduced spending and reduce taxes is, first of all, to reduce the taxes and then cut the cloth to suit."

A SPLIT OVER METHOD

How to cut taxes, when the time arrives, is a favorite topic of this group of legislators.

A raise in individual exemptions, to $700 from $600, is regarded as easily the best bet, but far from all these tax writers like the idea.

A Democrat from a Southwestern State says he expects "that the exemption approach would be the one, though I do not agree with that approach."

And a Republican Senator from the Midwest chimes in: "I would favor a reduction in rates rather than increasing the exemptions, but probably my views would not prevail."

Many of these legislators have well-defined ideas of the priority to be assigned various petitioners for tax relief.

A Democratic member of the Finance Committee is one. "If you're going to have a tax reduction," he says, "I would do 3 or 4 things: No. 1, put in a $100 increase in exemptions. No. 2, drop the corporate income tax by 2 percentage points a year for 3 years. No. 3, take these top brackets of up to 91 percent and bring them down to 70 percent over a period of 4 years—6 percent the first year and 5 percent a year thereafter. Then you'd get it down to a top of 70 percent or, more ideally, to a top of 60 percent, because I don't think we get anything from these very high levies."

There is a rough consensus for that same priority—first, individuals, then corporations, then excises—when tax relief is considered.

Many members of the tax-writing committees, however, stress relief in special situations.

Small businesses, for example, come in for a good deal of sympathy from these tax writers. So do self-employed individuals who, unlike millions of employees, have no employers to lay aside tax-free income for their retirement.

EXCISE CUTS AHEAD?

Many of the legislators see an acute need for reductions in excise taxes.

A midwestern Republican wants to repeal the 3-percent tax on transportation of goods because that is affecting so much of the national economy. He reports: "The great companies that have to transport a lot of

their goods are going into the trucking business and transporting the goods themselves so they don't have to pay that 3-percent tax. Oil companies are transporting their oil rather than hire small trucking outfits to truck it for them. Railroads are buying their own trucks. That is spreading like wildfire today, and it's hurting the small-business concerns and tending toward concentrating business in big-business hands."

While many of these men want to see relief from excises, there's little agreement as to the role of excises in the tax structure. Some prefer excises because they are a highly stable source of revenue, holding up relatively well in time of recession. Others dislike excises for exactly the same reason, preferring income taxes that give something like automatic tax relief during recession—even though this can bring a quick budget deficit.

Odds on cutting excises seem small. Reason: Excise trims lack the political sex appeal of income-tax reductions.

HELLS CANYON AND THE BRUCES EDDY STORAGE SITE ON CLEARWATER RIVER

Mr. NEUBERGER. Mr. President, I have spoken many times about the meaning of the struggle for Hells Canyon Dam as a milepost in development of our Nation's policies in conservation of resources. I have mentioned previously my strong convictions that loss of the Hells Canyon damsite to partial, piecemeal, wasteful use will increase pressures to barricade other rivers in the Columbia basin at sites which will imperil fish, wildlife, recreation, or scenic values. Only the passage of time will confirm or refute such a prophecy. However, many individuals in the national conservation movement share my belief that loss of Hells Canyon Dam will cause the Nation to pay a high price for the waste of a great natural resource. This viewpoint is reflected in a recent article which appeared in the August 1, 1957, issue of Conservation News, an informative and outspoken publication of the National Wildlife Federation. I ask consent to have printed in the RECORD with my remarks the article entitled "Hells Canyon and Bruces Eddy: An Object Lesson."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HELLS CANYON AND BRUCES EDDY: AN OBJECT LESSON

The long fight against authorization of Bruces Eddy Reservoir on Idaho's North Fork of the Clearwater River has reached a decisive stage. The House Public Works Committee has amended and reported S. 497, the Rivers and Harbors omnibus bill, in which the Senate included Bruces Eddy among more than a hundred Army Engineer projects. The House committee took Bruces Eddy out. Assuming the House will uphold its committee and keep Bruces Eddy out, the issue will then be settled, at least for this Congress, in conference committee.

If the proponents should prevail in conference, and Bruces Eddy be restored, conservationists will urge a veto.

Hells Canyon Dam, proposed for construction on the Snake River and considered by many as an alternative to Bruces Eddy, appears to be entombed in the House Committee on Interior and Insular Affairs. Opponents succeeded in blocking the Hells Canyon bill after the Senate passed it June 21 in a surprising vote.

Their experience with Bruces Eddy, together with the emerging pattern of relationship to Hells Canyon, has demonstrated to conservationists the necessity of offering alternatives to river-development plans that jeopardize wildlife and other valuable resources. It has convinced many that the task of protecting fish, game, wilderness and scenic values for future generations involves a greater burden of responsibility than simply opposing the projects which threaten those resources.

Until recent months few conservation groups had voiced support for alternatives to Bruces Eddy or to other potentially destructive dams in the middle Snake Basin. This is partly because the recommendation of alternatives would have involved them in the bitter struggle between public-power advocates and private power groups, a struggle in which Hells Canyon has been the grand prize. The opposing ideologies here do not necessarily bear any relationship to the sound management of natural resources. While some political leaders are classed among the country's leading conservationists, as a group conservationists are not politicians in the Republican and Democratic style. They are inclined to shy away from a political brawl. So in the partisan battle over Hells Canyon they had a tendency to stand on the sidelines while the politicians fumbled the ball.

Throughout their long fight against Bruces Eddy, the position of conservationists has been one of principle. They have protested any Congressional action to approve or finance construction of the 570-foot barrier until studies have been completed to show what the effect will be on fish and wildlife. This is a sound position. They are now optimistic of winning—at least in this Congress—if the group of conservation-minded legislators who make up the leadership of the House Public Works Committee can prevail against the Senate conferees. They are not so optimistic about future success in saving the great wildlife and recreational resources of the Salmon and Clearwater Rivers against the dam builders. Many have become convinced the future task would be easier if a big dam, developing the full power and water-storage potential of the site, were built at Hells Canyon.

That is the reason a number of conservation groups throughout the country came out recently in support of the high Hells Canyon Dam as a workable alternative to the Clearwater project. It offers 3,800,000 acre-feet of storage compared to 1,433,000 acre-feet at Bruces Eddy. Its power potential exceeds the capacity of Bruces Eddy. The Hells Canyon location, while causing inundation of a spectacular section of the deepest river gorge in North America, does not threaten vast fisheries, wildlife, or recreational resources.

Licenses for the three private dams in this same stretch of the Snake River—Brownlee, Oxbow, and low Hells Canyon—have been granted to the Idaho Power Co., by the Federal Power Commission. Brownlee is now under construction. But these dams together offer much less in the form of flood storage and hydroelectric potential than the proposed high Hells Canyon project. They do little to relieve the pressure for Bruces Eddy and for the project proposed at the Nez Perce site, downstream from Hells Canyon on the Snake River. The Nez Perce Dam would block the vast runs of steelhead and chinook salmon that now use the Salmon River. It is considered to be the biggest single dam threat to the great sport and commercial fisheries of the entire Columbia Basin.

Elsewhere in the Columbia system similar problems are faced and similar losses threatened through construction of high dams. Proposed Glacier View Dam in western Montana, for example, would flood portions of Glacier National Park. Proponents of Glacier View have been quiet of late but like dam promoters everywhere, they have the blueprints filed away and are biding their time. When they decide to push, the Nation will see another controversy not unlike the Echo Park Dam struggle that was won by the conservationists in the 84th Congress.

Nearby in Montana, on the Middle Fork of the Flathead River, proposed Spruce Park Dam would flood out wilderness, big-game wintering areas, and some of the last remnants of grizzly bear range in the United States. Here again conservationists might well consider the wisdom of supporting multipurpose dams at less destructive sites. Two that are now proposed, Libby Dam on the Kootenai River and Paradise Dam on the Clark Fork, would relieve much of the demand for upriver projects that place park, wildlife and wilderness resources in jeopardy.

The lesson to be drawn, then, from the related Bruces Eddy and Hells Canyon fights, is that in controversies over river development, conservationists must choose—or devise—a plan that will serve best to protect the valuable resources which, if not fought for, will be lost in America's passion for pouring concrete. Sometimes the choice may parallel the desires of private industry; in other instances, it may support the plans of public power. This is not to depreciate the private enterprise versus Government issue; the outcome of this issue may well be critical, in one way or another, to the future of America. But the way we use or misuse natural resources can be equally critical—and much more quickly—in the ultimate question of survival or disaster. The peculiar function of conservationists—and question of survival or disaster. The peculiar function of conservationists—and part of their great opportunity to serve America—is to insist that river-development plans make conservation sense. And if they do their job for America, they cannot be deterred by false accusations of partisanship that will be hurled at them by partisans. Conservationists must hew to the line and let the chips fall where they may.

CALL OF THE ROLL

The PRESIDING OFFICER. Is there further morning business?

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. SALTONSTALL. Mr. President, I most respectfully object.

The PRESIDING OFFICER. Objection is heard. The clerk will proceed with the call of the roll.

The legislative clerk resumed and concluded the call of the roll.

Aiken	Curtis	Johnson, Tex.
Allott	Dirksen	Johnston, S. C.
Anderson	Douglas	Kefauver
Barrett	Dworshak	Kerr
Beall	Eastland	Knowland
Bennett	Ellender	Kuchel
Bible	Ervin	Langer
Bricker	Flanders	Long
Bush	Goldwater	Magnuson
Butler	Gore	Mansfield
Byrd	Green	Martin, Iowa
Capehart	Hayden	Martin, Pa.
Carlson	Hickenlooper	McClellan
Carroll	Hill	McNamara
Case, N. J.	Holland	Monroney
Case, S. Dak.	Hruska	Morse
Chavez	Humphrey	Morton
Church	Ives	Mundt
Clark	Jackson	Murray
Cooper	Javits	Neuberger
Cotton	Jenner	O'Mahoney

Pastore	Smathers	Thye
Potter	Smith, Maine	Watkins
Purtell	Smith, N. J.	Wiley
Revercomb	Sparkman	Williams
Russell	Stennis	Yarborough
Saltonstall	Symington	Young
Schoeppel	Talmadge	
Scott	Thurmond	

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Missouri [Mr. HENNINGS] is absent by leave of the Senate because of illness.

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Nevada [Mr. MALONE] is necessarily absent.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). A quorum is present.

Is there further morning business?

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. Is morning business completed?

The PRESIDING OFFICER. Morning business is not completed.

FORTY-FOURTH BIRTHDAY ANNIVERSARY OF SENATOR TALMADGE

Mr. JOHNSON of Texas. Mr. President, I had intended to call attention to the fact that the present distinguished occupant of the chair, the junior Senator from Georgia [Mr. TALMADGE], is celebrating his 44th birthday, and I know that all Members of the Senate will want to congratulate him and wish him many happy returns. He has made a great impression on this body since he came here. He has served only a few months, but he has already demonstrated that he is one of the most earnest and one of the most diligent and one of the best Senators in the Senate. We particularly appreciate the very fine relationship we have with him, and the very effective and efficient way in which he presides over the Senate.

Mr. MORTON assumed the chair.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Georgia.

Mr. TALMADGE. I desire to express my appreciation to the distinguished majority leader, the senior Senator from Texas. He is always most generous to his colleagues in the Senate. Having reached the 44th anniversary of the year of my birth, I have about reached the point where I hate to be reminded of it at this time.

Mr. MANSFIELD. Mr. President, I wish to join the distinguished majority leader in extending congratulations to the Senator from Georgia, and to wish him many more years of good life and good health in the period ahead.

Mr. TALMADGE. I thank the Senator from Montana.

SENATOR CHURCH'S PART IN THE CIVIL-RIGHTS BILL

Mr. MANSFIELD. Mr. President, in this morning's Baltimore Sun there appears an article under the heading "Politics and People," by Thomas O'Neill. The article refers to our distinguished colleague, the junior Senator from Idaho [Mr. CHURCH]. Much has been said as to how passage of the civil-rights bill was finally achieved in the Senate. I do not believe enough credit has been given to the Senator from Idaho for the significant part he played in bringing about a civil-rights bill which guarantees more to the people and is a stronger and better civil-rights bill than the bill placed before us after passage by the House.

I think it is safe to say, insofar as the Church amendment is concerned, which guarantees the right of all Americans to serve on Federal juries, that it was purely the result of Senator CHURCH's thinking. He furnished the key which turned the lock and opened the door to a civil-rights bill which is workable, durable, and understandable. It is a civil-rights bill with which all people in all parts of the country can live. The Senator from Idaho is to be commended for his originality, his persuasiveness, and his ability to bring about a continuation of the jury trial system in American jurisprudence. Idaho and the Nation, let alone the Democratic Party, can well be proud of him.

Mr. President, I ask unanimous consent that at this point in my remarks I may include in the RECORD this laudatory article, and deservedly so, by Mr. Thomas O'Neill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POLITICS AND PEOPLE—MEMBER OF THE LODGE

(By Thomas O'Neil)

WASHINGTON.—Some members wait years for acceptance into the inner circle of the United States Senate, and others never attain it. Gadflies and those who arrive in Washington too full of themselves are automatically excluded from the apparently nebulous but in fact cohesive club within a club made up of those who get things done and exercise a large influence upon the day-by-day proceedings of the Senate. An example of those who remain outside throughout a Senate career is Senator WAYNE MORSE, a determined upstream swimmer who is never comfortable on the side of a majority. A contrasting example is provided by Idaho's Senator FRANK CHURCH, a Member of the Senate scarcely 7 months, who has won unspoken recognition as a member of the lodge. His achievement is especially notable because Senator CHURCH at 33 is the baby of the Senate and was an amateur in politics when he took the oath of office in January.

Senator CHURCH was preceded to Washington by a reputation as an oratorical prodigy, and there were misgivings that he would be tempted to demonstrate his virtuosity early and often. (As a high school youth he won the 1940 American Legion national oratory contest, and the $4,000 prize helped finance his education at Stanford and Harvard Law School.) Instead, he sat silent among the freshmen in the Senate's rear row for his first 6 months, adhering to the unwritten rule that newcomers are to be seen and not heard. When he did rise at last, it was on behalf of a subject of prime interest to Idaho, the Hells Canyon power bill, and the Senate learned that his reputation for eloquence had been truly earned. When he concluded, the Senate witnessed an unusual demonstration, a burst of congratulations from his colleagues, both Democrats and Republicans.

The young legislator's standing became even more apparent in the contest over the civil-rights bill. It was he who proposed the solution by which the Senate majority leader, Mr. LYNDON JOHNSON, was able to attract enough liberal votes for passage without precipitating a southern filibuster.

This solution was the addition to the jury-trial section demanded by the South of a provision qualifying Negroes for service on Federal court juries in the South even though they may be excluded from juries in State courts. It broke a deadlock by assuring against the automatic acquittal that had been foreseen in the event of white defendants appearing before all-white juries in the Deep South on charges of illegally interfering with the privilege of the ballot. A Negro juryman who believed a defendant guilty could force a mistrial, since acquittal requires a unanimous vote exactly as does conviction. Senator JOHNSON, whose first concern was to prevent open civil war between his Democratic forces, was grateful for the Church suggestion. Senator RICHARD B. RUSSELL, the Georgia leader of the opposition to civil rights, was agreeable to the extent of agreeing to forestall a filibuster. Senator CHURCH rounded up 11 other moderate liberals as cosponsors, and his amendment was accepted almost as routine. The bill then passed the Senate, the first such success for a civil-rights proposal in many years.

Senator MORSE, the insistent individualist, cast the only nonsouthern vote against passage. It was recalled that in his campaign last year one of the allegations made against Senator CHURCH was that if elected he would "hang his halter in the WAYNE MORSE stable."

In that campaign, which he won handily, Senator CHURCH was under fire from both the right and the left. His Republican opponent was the ineffable Mr. Herman Welker, a political primordial who had been a dubious ornament to the Senate for 6 years. On the left, running as an independent, was Mr. Glen Taylor, the guitar-strumming candidate for Vice President on the Henry Wallace ticket of 1948. Senator Welker, who found it advisable to assure constituents in his campaign advertising that he had stopped drinking, assailed Mr. CHURCH as "the puppet candidate of pinks and punks" on the ground that he had financial support from the National Committee for an Effective Congress. (Senator Welker, who favored the natural gas bill, was supported by contributions from Texas gas and oil interests.) Mr. CHURCH won a clear majority over both opponents.

The pink-cheeked, handsome young Senator was born into a Republican family but became a Democrat by his own choice when he cast his first vote. (He went even further when he married; his wife is a member of the Clark family, which is a Democratic dynasty in Idaho and has furnished two governors and a United States Senator.) His only political venture before running for the Senate was as an unsuccessful candidate for the State legislature.

RAYMOND R. PATY

Mr. KEFAUVER. Mr. President, we were all grievously shocked at news of the death of Dr. Raymond R. Paty, a

member of the Board of Directors of the Tennessee Valley Authority. He was a devoted public servant and a strong advocate and defender of the Tennessee Valley Authority. I knew Dr. Paty as a friend, and I respected him as a man who was devoted to the welfare of his people. His death is a sad loss to the Tennessee Valley Authority and to the people of that section of the country.

IMPLEMENTATION OF TREATY AND AGREEMENT WITH THE REPUBLIC OF PANAMA—STATEMENT BY SENATOR LAUSCHE

Mr. MANSFIELD. Mr. President, at the request of our distinguished colleague, the junior Senator from Ohio [Mr. LAUSCHE], I ask unanimous consent to have printed at this point in the RECORD his remarks relative to H. R. 6709, a bill to implement a treaty and agreement with the Republic of Panama.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LAUSCHE

Yesterday the Senate passed H. R. 6709 to implement a treaty and agreement with the Republic of Panama, as amended, by substituting for its language the amended language of S. 1730, a companion bill. The bill, which now goes for conference with the House, amends section 102 (b) and section 103 of the Senate bill which was approved for passage by the Senate Interstate and Foreign Commerce Committee.

It was argued that these amendments were in order on the grounds that the shippers who use the Panama Canal should not bear the increased cost of canal operation which will result from the concessions made by our Government to the Republic of Panama under the treaty of 1955.

WHY THE ARGUMENTS AGAINST SECTION 102 (B) ARE NOT SOUND

The Panama Canal Company on its books carried, at their actual cost less depreciation, certain properties which under the treaty are to be conveyed to Panama. The Panama Canal Company paid interest to the United States Treasury on the basis of the actual cost less depreciation. In other words, the company, under its obligation to the people of the United States for the moneys which the latter invested, paid interest on the basis of the actual moneys expended. (Net direct investment.)

The shippers now take a different position concerning how this particular property transferred under the treaty should be valued. They claim that it has a market value of $24,300,000 and that, therefore, the capital investment of the people of the United States on which they are receiving interest should be reduced in an amount equal to the market value, and not the book value, of the properties conveyed. That will mean that the interest obligation of the company to the United States Treasury will be reduced in the sum of $24,300,000 being the reasonable market value of the property conveyed rather than in the sum of $4,300,000 constituting the actual investment of the Federal Government and upon which basis the Federal Government throughout the years was paid interest.

Manifestly, the shipping companies in determining the total capital upon which the Panama Canal Company should pay interest subscribed to the practice that they should be carried at their actual cost less depreciation. Now, however, that the capital is to be reduced they change their position and demand that the capital upon which interest shall be paid shall be reduced not in an amount equal to the actual cost of the properties, but in an amount equal to their present reasonable market value.

They should recognize the fact that if, for the purpose of reducing the capital obligation on which interest is paid, the market value of that property which is being transferred should be used as the basis of reduction, then the Panama Company will be justified in readjusting its entire accounting practice and carry all of the properties not on the basis of its actual cost but on the basis of its present reasonable market value.

The Panama Canal Company has been paying to the United States Government interest on the basis of a capital investment having an original cost less depreciation value of $342,465,445 as of June 30, 1956. If the views of the shippers are accepted that aggregate capital value will be reduced by $24,300,000 bringing the book value down to $318,165,445, on which hereafter interest will be paid to the Federal Government.

Manifestly, if in reducing the capital investment consistency is practiced and the capital value is reduced by $4,300,000, representing the actual investment less depreciation, the interest hereafter paid will be on the basis of a capital valuation of $338,165,445. These figures show clearly that the shippers throughout the years were benefited through the accounting system which carried properties at their investment cost less depreciation. They now want to change the method of accounting obviously because it will be beneficial to them to have the capital value reduced not on the basis of the original cost less depreciation of the properties transferred but on their promoted theory that the reduction should be on the basis of the market value.

However, conceding, although such concession cannot be made in justice and logic, the purpose of reducing the capital investment by the alleged market value of $24,300,000, cannot be supported under the facts.

In support of the foregoing, I wish to call attention to the testimony of Mr. L. Kermit Gerhardt, Assistant Director, Civil Accounting and Auditing Division, General Accounting Office, in presenting the views of the General Accounting Office on this legislation. Mr. Gerhardt stated in part as follows:

"We are of the opinion that it would be improper to reduce the interest-bearing investment of the Government in the Panama Canal Company for an extraordinary loss based on the use of appraised values unless the interest-bearing investment was first increased to reflect the appraised value of all properties."

In a supplemental statement, the General Accounting Office stated also:

"The effect on toll rates of the various proposals relative to the accounting treatment for facilities to be conveyed and their replacement will be nominal. However, in the course of the hearings the committee was urged to prescribe the use of market value of the properties to be conveyed, instead of book value, to measure 'extraordinary losses through directives based on national policy and not related to the operations of the Corporation.' We think it appropriate to point out that such treatment may result in a benefit to the tolls payers, at the expense of American taxpayers, measured by the reduced interest payments to the Treasury resulting from the reduction in the interest-bearing capital for a so-called profit unrealized by either the United States Government or the Company. The use of market value would result in the Company deriving a profit on a loss transaction. The bill properly recognizes the conveyance to be a loss transaction and assesses the loss, as measured by book value, against the United States Government."

WHY ARGUMENTS AGAINST SECTION 103 ARE NOT SOUND

The shippers take the position that the increase in the annuity from $430,000 to $1,930,000 should be borne by the taxpayers of the United States and not be made as an operational expense of the Panama Canal Company.

The answer to that argument is that admitting the $430,000 annuity was not adequate in order to continue under its rights to operate the canal, it was decided that an adjustment upward had to be made in the annuity. I submit that a just approach to the issue would require reasonable and honest minds to say that if a $250,000 annuity was just in 1903, a $430,000 annuity was unreasonable and unjust in 1957. No argument has been made that the $1,930,000 annuity is an extravagant payment for the rights held by our Government in operating the Panama Canal Company in Panama.

The General Accounting Office of the Federal Government takes the position that this increased annuity is an item to be charged to the operating expenses of the Company. The shippers on the other hand claim that it is a charge that ought to be borne by the general taxpayers and not by the shippers using the canal. The shippers have a special interest which they seek to protect. The officials of the Office of General Accounting, to say the least, are in a far better position to state objectively what ought to be done.

The position taken by the shippers is completely inconsistent with the concepts adopted in 1950 by the Congress that the canal enterprise shall be self-sustaining and involve no burden on the United States taxpayer.

Savings to ship operators in the aggregate are estimated at approximately $150 million a year through the use of the canal. About 30 days travel time are saved by going through the canal rather than around Cape Horn. The tolls have not been increased during the entire period of canal operation.

The Panama Canal Company annual report for the fiscal year ending June 20, 1956, states that 30 percent of the tolls collected from oceangoing commercial vessels were from vessels flying the American flag and 26 percent of the transits were made by these vessels. It would appear, therefore, that any shifting of the cost of operation from the Canal Company to the United States taxpayer would largely accrue to the benefit of commercial vessels flying flags other than that of the United States.

The position taken by the shippers opposing the provisions of S. 1730 is like that of Proteus, the mythological character who changed his form and position to suit his gain.

For the reasons set forth above, I sincerely hope the conference committee will deem that it would be in the best interest of the United States to revise the language in H. R. 6709 to conform with the language in S. 1730, as recommended by the Senate Interstate and Foreign Commerce Committee.

ANTARCTIC EXPEDITION

Mr. CASE of South Dakota. Mr. President, my interest in the Antarctic Expedition is of long standing. I have known for many years Capt. Finn Ronne, USNR, the intrepid explorer who has made many trips to the Antarctic, and is presently commander of the Weddell Sea Station. I also have had unbounded admiration for the late Richard E. Byrd, brother of the illustrious Senator from Virginia.

As recently as July 1954, the Senate Armed Services Committee held hear-

ings on proposed legislation which I had introduced pertaining to the Antarctic Expedition. We completed our work there by adopting a resolution, which I had prepared, stating that it was the sense of the committee that an Antarctic Expedition be conducted at the earliest possible date under the direction of the President of the United States.

Following the adoption of the resolution, the Antarctic Expedition was set up as a part of the International Geophysical Year.

My interest in the value of the Antarctic from a military and a scientific standpoint continues. On the 31st of May, 1957, with the Senator from Wisconsin [Mr. WILEY] and other Senators, I joined in the introduction of S. 2189, a bill to promote the increase and diffusion of knowledge of the Antarctic. The bill would create a permanent commission, so that all materials, documents, and records of the Antarctic could be brought and kept under one roof.

Mr. President, there is no known area of the world where such a large mountainous area exists as is now known to exist in the Antarctic which is not heavily mineralized. In this era of living by strategic minerals it is important that we pursue our work in the Antarctic and establish the basis for claims to the portions of the Antarctic where our heroic people have explored.

I hope the Senate will soon take up S. 2189 so that the good work being performed at this time during the International Geophysical Year may be carried on without interruption after the present worldwide cooperation and participation ceases.

Mr. President, I ask unanimous consent to have printed at this place in the RECORD, following my remarks, a résumé of the Amundsen-Scott IGY South Pole Station dedication, prepared by James E. Mooney. Mr. Mooney has prepared a review of the ceremonies and of some of the work under the direction of Rear Adm. George Dufek at the Amundsen-Scott IGY South Pole Station.

There being no objection, the résumé was ordered to be printed in the RECORD, as follows:

DEDICATION, AMUNDSEN-SCOTT IGY SOUTH POLE STATION, JANUARY 23, 1957

The small group of United States military men stood bundled against the cold, under a sparkling Antarctic sun, at Ross Island with members of the International Geophysical Year science project and visitors from nearby Scott-New Zealand Base, to dedicate a seven-house station at the very bottom of the world. In addition to those participating in the ceremonies there were correspondents, observers, and IGY scientists destined for Little America and Byrd IGY Station duties, as well as Navy personnel from five Deep Freeze ships, to witness this unique international event which symbolized the international nature of the IGY program, the dedication of the South Pole station as the Amundsen-Scott IGY South Pole Station. The date was January 23, 1957.

Rear Adm. George Dufek, Commander of United States TF-43, had coordinated the arrangements for the dedication after having received communications from Rear Adm. Richard E. Byrd, officer in charge, United States Antarctic programs, who had sponsored the plans for the historic ceremony.

Those participating in the ceremony, in addition to Admiral Dufek, were Dr. Laurence Gould, chairman, IGY Antarctic program, who acted as master of ceremonies; Dr. Harry Wexler, chief scientist, IGY program; Dr. Albert Crary, deputy chief scientist; Capt. Willie Dickey, United States Navy; Dr. Kaare Rodahl of IGY, from Norway; Dr. Trevor Hatherton, leader of the New Zealand expedition.

By necessity, the South Pole station was dedicated from the naval air facility, McMurdo Sound, some 730 miles to the north. A failing sea-ice airstrip had temporarily caused suspension of air-drop missions to the pole. Landings and takeoffs from the pole by ski-equipped planes are dangerous at best, and the task force commander, Admiral Dufek, had declared that only those flights which were operationally necessary to deliver construction men and scientists would be made.

It was, however, appropriate to hold a ceremony at McMurdo Sound, since this base supported the building of the Pole station and was also the area from which England's Capt. Robert Falcon Scott set out on his historical trek to the Pole. His wooden base hut was situated within sight of the ceremonial area. Norwegian representation in honor of Amundsen, who was first to stand at the South Pole, was on hand for the ceremonies. The British Commonwealth, including the United Kingdom representative and the New Zealand representative, were there to honor Captain Scott, who arrived at the South Pole in January 1912, approximately a month after the Norwegian, Amundsen. Admiral Dufek represented the King of Norway by special designation of the King. It was appropriate to have Admiral Dufek represent the King of Norway, inasmuch as he was the third man and the first American to stand at the South Pole with six other Navy men, October 31, 1956. Dr. Trevor Hatherton, leader of the present New Zealand Antarctic Expedition, was the official United Kingdom representative.

Flags of Norway, the British Empire, and the United States flew at equal masts for the ceremony in an attitude typical of the spirit under which the International Geophysical Year science studies were conceived. The ceremony, itself, was as simple as it was sincere. Messages were read from King Haakon of Norway; United Kingdom Secretary of State for Foreign Affairs Selwyn Lloyd; Dr. H. U. Sverdrup of the Norwegian Polar Institute; Dr. Joseph Kaplan, chairman, United States National Committee for the International Geophysical Year; Rear Adm. Richard E. Byrd, the first to fly over the South Pole, and from President Dwight D. Eisenhower.

Witnesses to the ceremony formed a human "U" before the speaker's platform which was backdropped by an unobstructed view of McMurdo Sound, Hut Point, Winters' Quarters Bay, and across McMurdo Sound, the Prince Albert Mountain Range of Victoria Land. Sailors and marines from the seaplane tender, U. S. S. *Curtiss*, formed the color guard.

JAMES E. MOONEY,
Ceremony Coordinator, United States Antarctic Programs.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a bill (H. R. 8992) to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1446. An act to amend title 14, United States Code, so as to provide for retirement of certain former members of the Coast Guard Reserve;

S. 1856. An act to provide for the development and modernization of the national system of navigation and traffic control facilities to serve present and future needs of civil and military aviation, and for other purposes;

H. R. 3775. An act to amend section 20b of the Interstate Commerce Act in order to require the Interstate Commerce Commission to consider, in stock modification plans, the assents of controlled or controlling stockholders, and for other purposes; and

H. R. 7813. An act to organize and microfilm the papers of Presidents of the United States in the collections of the Library of Congress.

HOUSE BILL PLACED ON CALENDAR

The bill (H. R. 8992) to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes, was read twice by its title and placed on the calendar.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT OF 1933

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1869) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes.

The PRESIDING OFFICER. The debate is limited, under the unanimous consent agreement.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may make a brief statement without the time being charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, when we have concluded with the consideration of the pending bill, I want Senators to be on notice that the following bills will probably be the first bills the Senate will be asked to consider:

Calendar No. 482, S. 98, to provide for the establishment and operation of a mining and metallurgical research establishment in the State of Minnesota.

Calendar No. 577, S. 2377, to amend chapter 223, title 18, United States Code.

Calendar No. 617, S. 2120, to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division.

Calendar No. 718, H. R. 6508, to modify the Code of Law for the District of Columbia.

Calendar No. 721, H. R. 6517, to provide for the retirement of officers and members of the Metropolitan Police Force and Fire Department of the District of Columbia, the United States Park Police Force, and for other purposes.

Calendar No. 709, S. 2127, to amend section 3 (d) of the Federal Employees' Group Life Insurance Act of 1954.

Calendar No. 713, H. R. 1937, to authorize the construction, maintenance, and operation by the Armory Board of the District of Columbia of a stadium in the District of Columbia.

Calendar No. 715, S. 1903, to amend section 7 of the Administrative Expenses Act of 1947.

Calendar No. 717, H. R. 52, to provide increases in service-connected disability compensation and to increase dependency allowances.

Calendar No. 787, H. R. 7540, to amend Public Law 815, 81st Congress.

Calendar No. 792, House Joint Resolution 426, amending a joint resolution making temporary appropriations for the fiscal year 1958, and for other purposes.

Calendar No. 800, House Joint Resolution 275, transferring to the Commonwealth of Puerto Rico certain archives and records in possession of the National Archives.

Calendar No. 812, H. R. 8643, to authorize the construction of certain works of improvement in the Niagara River for power, and for other purposes.

Calendar No. 815, S. 2674, to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954.

Calendar No. 858, S. 2431, granting the consent of Congress to the Klamatn River Basin compact between the States of California and Oregon, and for other purposes.

Calendar No. 805, S. 2229, to provide for Government guaranty of private loans to certain air carriers for purchase of aircraft and equipment, and for other purposes.

Calendar No. 848, S. 821, to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots.

Mr. President, there will be other bills considered which have not been announced. I will announce them as soon as it is called to my attention that it is necessary to bring them before the Senate promptly.

I want all Senators to know that we expect to run late this evening, and we expect to meet early tomorrow and to be in session tomorrow. We may modify those plans. We have to on occasion, at the request of individual Senators. If a Senator seeks to be dilatory, he can keep the Senate for a time from transacting any business. That is his responsibility. When we see evidences of that it is frequently necessary for us to change our plans.

It is the hope of the leadership, with the heavy calendar that confronts us, to be able to dispose of some of these measures one way or the other, so that a decision can be reached. If the Senate follows my suggestion the Senate will stay here this evening and attempt to not only pass the TVA bill but as many others as it may be possible to pass, and to have a session tomorrow.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT OF 1933

The Senate resumed the consideration of the bill (S. 1869) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes.

Mr. SALTONSTALL. Mr. President, I offer the amendments which are at the desk, under my name.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 2, line 13, it is proposed to insert after "thereto" the following:

No such bonds shall be issued or sold, nor shall the proceeds of said bonds or of power revenues be used, except as necessary for such of the foregoing purposes as may be approved by the Congress in connection with its consideration of the Corporation's budget programs transmitted by the President pursuant to the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841–871).

On page 4, line 16, beginning with "The issuance and sale" delete all of the remainder of subsection (a) through line 6, page 5.

On page 11, after subsection (h) insert the following new subsection:

(i) Except for the audits of its accounts by commercial accounting firms as provided for in subsection (c) hereof, the authority granted to the Corporation by this section shall be subject in all respects to the provisions of sections 301, 302, and 303 of the Government Corporation Control Act as amended (31 U. S. C. 866–868).

The PRESIDING OFFICER. How much time does the Senator yield himself? He has a half hour.

Mr. SALTONSTALL. I yield myself 10 minutes, or less.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. SALTONSTALL. Mr. President, the purpose of the amendments is very simple. At the present time the TVA is under the Government Corporation Control Act. The pending bill would take it from under that act and place the accounting and other procedures of its operations purely under its own jurisdiction.

The purpose of the Government Corporation Control Act, which was passed in 1945, was to exercise some control, through the President and Congress, over the various Government corporations. The Government corporations had increased from 10 in number in 1931 to 44 in number in 1944, and they held assest of more than $20 billion.

The accounting methods of these corporations in the past were all different, and it was very difficult for the Comptroller General or the Treasury Department to know fully what was going on, since they were really beyond the jurisdiction of the President and of the Congress. There were many attempts made between 1935, when the TVA was first inaugurated, and 1941 to reach some agreement on compromise legislation. The Joint Committee on Government Expenditures, headed by the distinguished Senator from Virginia [Mr. BYRD] wrote a very full report on the subject in 1944. A bill was passed, as I have said, on December 6, 1945.

President Truman wrote the chairman of the House committee, on June 11, 1945, as follows:

I heartily favor this proposal. It is a long delayed forward step applying the sound doctrine of an executive budget, as enacted in the Budget and Accounting Act of 1921, to the many important Government corporations which have since come upon the scene.

The purpose of the Government Corporation Control Act was to prescribe a method by which the President and the Congress could exercise some control over the 44 Government corporations, which were entirely financed by the Government and which had in excess of $20 billion of assets.

If we pass the bill in its present form without these amendments we will take away from the President and from the Congress the active control of the TVA, not only with relation to the issuance of bonds, not only with relation to power revenues, but for accounting purposes, and everything else of character.

As I view the matter, the pending bill would make the three TVA Commissioners independent of the President and the Congress to a great degree, although Congress could disapprove the issuance of certain bonds.

The purpose of the three amendments really is singlefold. It is to keep the TVA within the provisions of the Government Corporation Control Act. The amendment does not attempt to limit the issuance of bonds, or the issuance of bonds by using power revenues.

It would not change the effect in that respect at all; but it would keep in force the provisions of the Government Corporations Control Act. That is the sole purpose of the amendments. I believe they are wise amendments, and that they would help in the long run to avoid controversy, and retain control of the TVA within the executive department and Congress.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. CASE of South Dakota. When the able Senator from Massachusetts refers to the Government Corporations Control Act, he strikes a sensitive spot so far as I am personally concerned.

It was my privilege to introduce the first bill on this subject in the House of Representatives, which was the House version of the Government Corporations Control Act. The distinguished Senator from Virginia [Mr. BYRD] and the former Senator from Nebraska, Mr. Butler, were the authors of the bill in the Senate. Representative Whittington, of Mississippi, and I introduced the companion bill in the House of Representatives.

My sponsorship of the bill in the House of Representatives grew out of the fact that there had been a General Accounting Office review of the operations of the Panama Railroad and other activities in the Canal Zone, and we

found that, although such activities might be audited, it was impossible to bring about any effective improvement, because no one paid any attention to the reports. We found that there was a mingling of corporation cash with Government cash, and other things of that sort. That was the genesis of my interest in the subject, and I introduced the first bill on the subject in the House of Representatives. I say that to emphasize the fact that any questions I shall ask are asked from the standpoint of sympathy with the purposes of the act.

When the President signed the bill, I was called to the White House to witness the signing. I was 1 of the 4 persons who received pens which were used in the signing of the bill. So I disclaim any evil intent in asking the questions. I want the Government Corporations Control Act to be effective so far as possible.

What would the Senator's amendment do in making the provisions of sections 301, 302, and 303 of the Government Corporations Control Act applicable? Would it defeat what we are trying to accomplish by the basic legislation itself?

Mr. SALTONSTALL. I read those three sections last night. If I correctly interpret them, they provide, among other things, for auditing by the General Accounting Office.

Mr. CASE of South Dakota. I recall that at the time we were faced with the problem of fitting the TVA into the Government Corporations Control Act, the Tennessee Valley Authority Board had some general authority which made it possible for them, by a resolution, to authorize any so-called irregularity which might have taken place in their expenditures, if after review by the Board it was determined that, even though there might have been a technical failure to comply with some existing statutes, the transaction was honest. In other words, the Board could make the transaction whole, so to speak.

Mr. SALTONSTALL. Let me read the titles of those three sections.

The first is:

Auditing expenses: (a) payment by General Accounting Office; reimbursement; disposition of reimbursing funds; utilization of reports.

The second title is:

Depositary for banking or checking accounts; exemption of temporary accounts and accounts of certain corporations.

The third title is:

Bonds, notes, and debentures, etc.: (a) Maturity dates; interest rates; terms and conditions.

Those are the titles of the three sections, 301, 302, and 303.

Mr. CASE of South Dakota. I do not wish to use too much of the Senator's time. I should like to consult those sections and study them as the debate proceeds.

I have in mind the basic fact that on three occasions the President recommended that Congress provide some way of financing the needed new capital expenditures of the Tennessee Valley Authority for power purposes. A part of the idea was to remove the burden on the legislative branch and the executive branch in connection with the review of what would be considered normal replacement and normal expansion to take care of necessary service within the valley.

I am hoping that on the one hand after removing from the legislative and executive branches the burden in connection with the details of normal replacement and normal expansion of facilities to meet normal growth, we will not, on the other hand, put the load back on the Congress.

Mr. SALTONSTALL. I hope my amendments would not put the load back on the Congress. I shall be glad to have the Senator give his thoughtful consideration to these sections.

Mr. KERR. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. KERR. I appreciate the fine attitude of the Senator from Massachusetts. This question was discussed at great length in the committee. As the Senator from South Dakota [Mr. CASE] has indicated, he was one of the authors of the legislation which the Senator from Massachusetts desires to bring into operation through the measure before us. Not only was the Senator from South Dakota one of the authors, but he has always been very zealous in maintaining the effectiveness of the act. That purpose was in his mind, and in the minds of members of the committee when we prepared the bill.

I should like to have the Senator tell me briefly what procedure would result from his amendment that would be different from the procedure under the terms of the bill as it is now before the Senate.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. SALTONSTALL. Mr. President, I yield myself 5 additional minutes.

In reply to my distinguished friend from Oklahoma, who is very expert in these questions, let me say that, as I see it, the bill as it is now drawn would give the power of disapproval within a short span of 60 days, with respect to the issuance of new bonds and bonds with respect to power revenues.

Mr. KERR. Does the Senator mean that the power of disapproval would be given to the Congress?

Mr. SALTONSTALL. To the President and to the Congress within 60 days. That would take from under Government control all the ordinary accounting procedures. It would take the ordinary operations of the TVA completely out of control by the President and the Congress. It would put us back to the days when the TVA Commissioners had entire independence, and were not required to submit reports to the President or to the Congress for approval.

My amendment is open to modification, as I have indicated to the Senator from Tennessee [Mr. GORE]. I think my amendment would mean that the new requests to issue bonds, and for new purposes in any one year, would be presented by the President to the Congress at the same time he presented his budget message.

Mr. KERR. As the Senator from Oklahoma understands, it was that very procedure which was in the minds of the authors of the bill and of members of the committee in bringing the bill to the Senate. It was our thought that the Congress should now, by positive action, effectuate its will in connection with the very principle the Senator has in mind.

In other words, the TVA Authority, in response to the directive of the President to present a program to Congress for expansion, to outline its needs for a period of time, and to develop a method of financing them, has done that. It has brought the particulars to us, outlining its requirements, and has stated the amount which would be necessary to meet the requirements; then the committee had in mind a program which would do that. That having been done, in line with that principle, do I correctly understand the Senator to say that he would require TVA to come back each year and do it again, and have Congress each year go through what we are going through in the consideration of the bill, to determine whether the expansion which we now recognize is coming, and in connection with which we are now devising a method to meet it. Would the program have to be reappraised and restudied each year, both by the Authority and by Congress, notwithstanding the fact that we are doing it now in the package bill?

Mr. SALTONSTALL. My amendment reads:

No such bonds shall be issued or sold, nor shall the proceeds of said bonds or of power revenues be used, except as necessary for such of the foregoing purposes as may be approved by the Congress in connection with its consideration of the Corporation's budget programs transmitted by the President pursuant to the provisions of the Government Corporation Control Act, as amended.

Mr. KERR. Is that not what the committee has indicated it has in mind? Is that not exactly the purpose of the pending bill?

Mr. SALTONSTALL. The bill in its present form covers the issuance of bonds for the purpose of new development and power revenues for the new development. It effectively removes TVA from the operation of the Government Corporation Control Act. By taking it out of the Government Corporation Control Act, as I see it, it would remove two things so far as the immediate operations of TVA are concerned. It would remove the control of the executive, and any legislative power Congress has over the ordinary operations of the Authority.

On pages 4 and 5 of the bill there appears the following provision:

No such bond proceeds, nor any power revenues, shall be used to initiate the construction of an additional power-producing project until (1) the Corporation notifies the President and the Congress of its plan to construct such additional project, and (2) following such notification a period of 60 days of a single session of Congress elapses without the enactment of legislation disapproving such construction.

The PRESIDING OFFICER (Mr. MORTON in the chair). The time of the Senator from Massachusetts has expired.

Mr. KERR. I yield 5 minutes of my time to the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Senator.

In other words, that section of the bill, as I see it, provides that Congress must disapprove of such action within 60 days. The Senator knows the difficulty of getting a message from the President and taking action on it within 60 days if it involves a controversial matter. Therefore the value of such a provision becomes rather dubious.

In addition to that, there is nothing in the bill which keeps control of TVA within the Government Corporation Control Act for purposes of accounting and for purposes of ordinary operation.

Mr. KERR. Does not the Senator realize that in an operation of this kind plans must be made for a longer period than for a year at a time?

Mr. SALTONSTALL. I agree with that statement. I have listened to the TVA discussions for the past 12 years.

Mr. KERR. The committee had in mind the purpose of doing exactly, for a 5-year period, what the Senator indicates he would like to have required of them year by year. In order to afford an additional safety factor, even after in the pending bill we give consideration to the needs of TVA for 5 years, and set up a program whereby it can meet its requirements on the basis outlined in the bill, and after we have given it every possible consideration and deliberation we could give it, year by year—as would be the case under the Senator's amendment, as I understand—TVA would still have to come back and submit its specific plans year by year under the authority we propose to give it to provide for a 5-year program.

Then if Congress does not approve of the manner in which it is operating the Authority we now contemplate giving it in the development of a 5-year program, and if we are not satisfied it is doing it in the manner we have provided and specified, in a year we can, under the provisions of the bill, tell them to do it in that way.

Mr. SALTONSTALL. As I say, I have discussed with the Senator from Tennessee language which I believe would keep TVA within the Government Corporation Control Act for ordinary accounting purposes and for ordinary purposes of operation in any 1 year.

I believe what the Senator says is perfectly correct, namely, that it takes more than a year to build one of these projects or to build one of these units, and that the planning takes more than a year. One of the purposes of my amendment is to make certain that we do not exempt the TVA from the Government Corporation Control Act. It is not my purpose to try to tie down the proper expenditures or proper advancement of TVA within its area, because that is what we all know is going to happen and should happen.

Mr. KERR. I thank the Senator.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has again expired.

Mr. KERR. I yield an additional 5 minutes from the other side.

Mr. SALTONSTALL. I thank the Senator.

Mr. KERR. I think what the Senator has in mind is what the committee had in mind. However, the committee felt, in view of the vast amount of time we have spent on the bill, in view of the fact that a 5-year program has been suggested, and we have found ample justification for it, in view of the fact that we are following in the bill for a 5-year period the very identical principle the Senator now advocates, in view of the fact that the bill is before us and we have an opportunity to approve or disapprove it, and, further, in view of the provision that, as the operations are carried out year by year, TVA must submit a report and give us an opportunity to express disapproval—if we disapprove of the manner in which it is carrying out the plan we now contemplate authorizing—it seems to me that the effect of the Senator's amendment would be to require them to do year by year again what they had thought they were doing and what the committee thought would be done under the bill.

Mr. SALTONSTALL. Would the Senator from Tennessee permit me to take back the suggested amendment which I had given him? It is the only copy I have. I should like the Senator from Oklahoma to study it.

Mr. GORE. Certainly.

Mr. SALTONSTALL. I should like to ask the Senator from Oklahoma a question, if he has my amendment before him.

Mr. KERR. I have had it, but I do not have it at the moment.

Mr. SALTONSTALL. To carry out the thought the Senator has just expressed, and which I have tried to express, perhaps the amendment should read this way:

> No such bonds shall be issued or sold, nor shall the proceeds of said bonds or of power revenues be used, except as necessary for such of the foregoing purposes, unless disapproved by Congress prior to the commencement of the ensuing fiscal year in connection with its consideration of the Corporation's budget programs transmitted by the President pursuant to the provisions of the Government Corporations Control Act.

That would mean, as I understand, that the President, as a part of his budget procedure, would submit plans in his budget message. If Congress did not act by June 30 of the particular year, those plans would be carried through. If, as the Senator says—and it is a 5-year plan—in the second year there was no change, the President's message would so state. Perhaps for the third and fourth year the same thing would occur. Then perhaps in the fifth year there would be a new project or a new unit coming up. The message would so state. Then, if Congress did not disapprove it by June 30, TVA could proceed with it. The idea is to keep all audits of ordinary revenues and expenditures—I do not know all the details of it—where they are now, in GAO, and also to give Congress and the President a look each year.

What is most essential, in my opinion, is to keep all the Government corporations under the Government Corporations Control Act. If one is exempted, there is no telling when it will be necessary to exempt others.

Mr. KNOWLAND. Mr. President, will the Senator yield for a point of clarification?

Mr. SALTONSTALL. I yield.

Mr. KNOWLAND. I wanted to be sure I understood the modification which the Senator was proposing if the amendment is to be modified. Does that come after the words "foregoing purposes"?

Mr. SALTONSTALL. Yes.

Mr. KNOWLAND. Then the language is changed from "as may be approved" to "unless disapproved."

Mr. SALTONSTALL. That is correct. After the word "Congress" in the fifth line would be added "prior to the commencement of the ensuing fiscal year."

Mr. KNOWLAND. How would the disapproval be shown? If the item in the budget program—meaning, perhaps in one of the appropriation bills—would it be considered as legislation on an appropriation bill and be subject to a point of order? I think it is important that we know by what process the disapproval would be shown. Otherwise, if it was by striking out an appropriation item, we could say so. But if it involved language in an appropriation bill, which might be subject to a point of order which, in fact, it would require a two-thirds vote in order to suspend the rules.

It seems to me that this ought to be spelled out either by a concurrent resolution or a joint resolution—a concurrent resolution if Congress did not want it to go to the President.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. KNOWLAND. Mr. President, I yield 2 minutes on the bill itself, so that the Senator may answer.

Mr. SALTONSTALL. I think the Senator has raised a valid point. The amendment was drafted this morning after consultation with some of the officials of the Bureau of the Budget. I think that what the Senator says is perfectly correct. The language could be clarified by providing for a joint resolution, which could be referred to the Committee on Public Works, or by a concurrent resolution.

Mr. KERR. I should like the Senator from South Dakota to listen to what I am about to say to the Senator from Massachusetts, because I yield to the Senator from South Dakota in his great knowledge concerning the Government Corporations Operations Act.

Mr. SALTONSTALL. We all do on a number of subjects.

Mr. KERR. The committee thought it was doing exactly what the Senator from Massachusetts said should be done, if I understand him correctly, in bringing the plan before the Congress. It is before Congress; it will be before the President. If the Senator thinks that on page 5 the designation of a period of 60 days should be a longer period—say, 90 days, or June 30 of a particular year, whichever would give a great length of time—I could see no objection to that. But it was the thought of the committee that we were going through the proce-

dure which the Senator tells us should be followed.

What the Senator from Oklahoma feels is that, having done that, and having brought the proposal here for the consideration of Congress, and then having submitted it to the President, if Congress passes it——

The PRESIDING OFFICER. The time of the Senator from Massachusetts has again expired.

Mr. KERR. I yield 5 additional minutes to the Senator from this side.

There would be no justification for us putting into the bill that which could only slow down the operation or hamper the operation and bring about necessity for a repetition of the action we are now taking.

Mr. SALTONSTALL. Although I cannot name all of them, I call the Senator's attention to the fact that there are 30 sections of the Government Corporations Control Act which now apply. As I understand—and I think this is the difference between us, to a great degree—there are a number of provisions regarding ordinary accounting methods, the payment of salaries, the payment of ordinary expenditures, and vouchers—the ordinary operations of a Government corporation—which are, under the pending bill, exempted from the Government Corporation Control Act.

The bill is essentially a capital construction bill.

It goes to the use of the proceeds of bonds. We want to make it possible to have that done. That is what the committee wants. It is what the President has recommended.

What we do not want is to remove TVA from the complete control of the Government Corporations Control Act. My amendments, which could probably be better framed, are for that purpose.

I have thought that, if my amendment shall be agreed to, the third section on page 2 is perhaps unnecessary. I am not absolutely clear about that, but I think that is true.

I have just been informed that that section should be retained.

Mr. CASE of South Dakota. Mr. President, will the Senator yield? I should like to ask a question on that point.

Mr. SALTONSTALL. I promised I would yield first to the Senator from Tennessee [Mr. GORE] if he desires to have me yield to him.

Mr. GORE. I shall defer to the Senator from South Dakota for the moment.

Mr. SALTONSTALL. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. With respect to the method of expressing disapproval, the Senator from Oklahoma might have pointed out that the bill provides stronger control by Congress than what the Senator from Massachusetts now suggests. The bill provides that a resolution of disapproval by either House of Congress could stop the application of the proceeds of the bonds.

When the Senator suggests action by Congress, action would be required by both bodies of Congress to disapprove. So, in that respect, the bill is stronger than it would be by following the suggestion of the Senator from Massachusetts.

Mr. SALTONSTALL. I am not sure the Senator is correct in that. I do not believe he is right. That would apply when the Corporation went outside the area. On page 5 provision is made for the control by Congress of the issuance of bonds.

Mr. CASE of South Dakota. Then it should provide:

It is hereby declared to be the intent of this act that the power facilities which are acquired with the proceeds of such bonds shall not be used without prior approval by Congress for the sale or delivery of power by the Corporation outside the counties which lie in whole or in part within the Tennessee River drainage basin.

Then it makes an exception under which either House of Congress could disapprove.

I think the Senator from Oklahoma is correct when he says that the method or manner of disapproval ought to be spelled out.

Mr. SALTONSTALL. I agree with him on that.

Mr. CASE of South Dakota. If the language were to the effect that the disapproval could be by concurrent resolution, and if the Senator wanted to have the bill so provide, it would be perfectly all right with me.

What concerns me a little more than the Senator's amendment is that the last portion is a direct contradiction of a provision of the bill which relates to the part the Secretary of the Treasury might play in the sale of the bonds. The bill expressly provides that the Secretary of the Treasury shall be advised of a proposed sale of bonds within the $750 million limit, and that if within 15 days after he is notified he asks for a deferral of the sale, he can defer it for an additional 45 days.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has again expired. The Senator from Massachusetts has 15 minutes remaining.

Mr. SALTONSTALL. I yield myself 5 minutes more.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I think the Senator from South Dakota has not finished.

I agree with the Senator that the two provisions he has cited are somewhat contradictory, and that if my amendment should be agreed to, the Secretary of the Treasury would have more responsibility than he has under the bill.

Mr. CASE of South Dakota. Would the Senator from Massachusetts consider an addition of some words on page 2 of his amendment, to make it read as follows:

Except for the audits of its accounts by commercial accounting firms as provided in subsection (c) hereof, and except as inconsistent with the express provisions of this act, the authority granted to the Corporation by this section shall be subject in all respects to the provisions of sections 301, 302, and 303 of the Government Corporation Control Act as amended (31 U. S. C. 866–868).

Mr. SALTONSTALL. The provisions of the bill, as the Senator says, give the Secretary of the Treasury at the present time just what authority?

Mr. CASE of South Dakota. Section 303 is the Corporation Control Act.

Mr. SALTONSTALL. I understand that, but what does the pending bill say?

Mr. CASE of South Dakota. The bill provides that the terms and rates of interest should be fixed by the directors of the Corporation.

Section 303 would have the Secretary of the Treasury determine the rates of interest, the forms, and the dimensions. The bill would permit the Secretary to defer the sale of the bonds for as long as 60 days, but it would not give the Secretary of the Treasury the right to determine——

Mr. SALTONSTALL. If that amendment is accepted, we shall encounter a great difficulty such as the one which at present exists. We have heard much discussion about the issuance of Treasury bonds and notes and the cost of money today. One of the difficulties is this: If we permit a Government-owned corporation to determine its own rates of interest and the maturities, we might upset a Treasury note offering which might come in the future. The result might be either to increase or to decrease the sales or the price, but in any event the result would be to make matters more difficult. So I think that provision is, for that reason, very important.

Again, I believe the language of the bill can be modified so as not to be quite so strong as that section now is. But taking away all authority after 60 days might have an effect on the country's outstanding indebtedness which could not be foreseen.

Mr. HOLLAND. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield to the Senator from Florida.

Mr. HOLLAND. I wish to inquire, first, about the language of the suggested modification. As I understood it, as it was presented by the Senator from Massachusetts, I believe it would accomplish the exact opposite of what he has in mind. As I understood him, he wishes to reword lines 2, 3, and 4, on page 1 of his amendment, so as to read as follows:

No such bonds shall be issued or sold, nor shall the proceeds of said bonds or of power revenues be used, unless——

Mr. SALTONSTALL. No, "except as necessary for such of the foregoing purposes, unless disapproved by the Congress."

Mr. HOLLAND. I call the attention of the Senator from Massachusetts to the point that that language would not carry out what he desires, because two negatives would be used—"no such bonds shall be used unless disapproved," which means that they could be used when they were disapproved; and I do not think that is what the Senator from Massachusetts has in mind.

Mr. SALTONSTALL. The Senator from Florida is a good English scholar. Would the words "if disapproved", when used in that context, constitute a double

negative? The purpose is to have the President send forward his budget message, including reference to the bonds and the proceeds and a statement as to what the bonds shall be used for. All that would be included in the budget message; and presumably, by carrying out the suggestion of the Senator from California, it would be referred to the Committee on Public Works. If the Committee on Public Works did not act before June 30, then the Corporation could proceed. That is the purpose.

Mr. HOLLAND. I think that by means of a further modification the Senator from Massachusetts can make the amendment he is suggesting read in the way he wishes. But I desired to call his attention to the fact that, as I understand the amendment, it is not properly worded.

Second, I should like to ask the distinguished Senator from Massachusetts this question: It is not the case, is it, that his amendment would require that the Congress authorize new steam-power units before they could be built by the TVA?

The PRESIDING OFFICER. The time yielded by the Senator from Massachusetts to himself has expired.

Mr. SALTONSTALL. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 5 additional minutes.

Mr. SALTONSTALL. Mr. President, how much more time is available to me, in connection with this amendment?

The PRESIDING OFFICER. After the additional 5 minutes which the Senator from Massachusetts has just yielded to himself, 5 more minutes will be available, under the control of the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Chair.

Let me say that my purpose in submitting the amendment was not to change at all the part of the bill referred to by the Senator from Florida.

Will the Senator from Florida repeat his question?

Mr. HOLLAND. First let me state the background for my question. As I understand, under the pending bill the TVA could, to the extent of $750 million of borrowings which would be permitted, plus the revenues, plus the proceeds of the sales of any facilities sold, construct new facilities without authorization by Congress for any of those facilities.

I was hoping that by means of this amendment the Senator from Massachusetts intended to change that provision of the bill, but I fear that he does not intend to do so.

Mr. SALTONSTALL. No. As I understand the bill, if the TVA wished to eliminate one plant because it was out of date, and if the TVA wished to rebuild another plant, that would be stated in the President's budget message, and the TVA could proceed to do so, if neither the President nor the Congress stopped it before June 30.

Mr. HOLLAND. Would not the same provision apply likewise to brandnew steam plants?

Mr. SALTONSTALL. Exactly. My amendment would not change the bill in that respect.

Mr. HOLLAND. Does the Senator from Massachusetts think it is sound government for the TVA to be allowed to proceed with a program of new construction exceeding three-quarters of a billion dollars, without Congressional approval, when the Congress itself could not do that? In the public works appropriation bill the Senate passed yesterday, less than three-quarters of a billion dollars applicable to new construction for flood control, irrigation, reclamation, and navigation was involved. But every one of those items required previous authorization by the Congress.

Therefore, does the Senator from Massachusetts think it is sound government to permit the TVA to proceed with such a great program without Congressional authorization—in other words, to have more power than the Congress itself has seen fit to grant itself in similar matters?

Mr. KNOWLAND. Mr. President, will the Senator from Massachusetts yield at this point? Before he answers the question of the Senator from Florida, I should like to make a suggestion for his consideration. As I understood, the modification involved the words "unless disapproved"; and then we got into a discussion of whether there would be a concurrent resolution.

If the Senator from Massachusetts will change the amendment, so as to have it provide that bonds could not be issued until approved by a concurrent resolution, then there would have to be affirmative action by the Congress.

A resolution of disapproval would seem to me to have the objection that it could be buried in either the House committee or the Senate committee; there would be no assurance that the resolution would be reported to either body, so that the House of Representatives or the Senate, as the case might be, would have a chance to express its will.

But if, instead, the language incorporated were such as to provide that that could not be done until approved, then the Congress would be sure of having such a resolution brought to the floor of the two bodies, for affirmative approval by the House of Representatives and the Senate, respectively.

I can understand how the persons concerned with this matter might not want to have a joint resolution provided for, inasmuch as a joint resolution would be subject to presidential veto. But the arrangement I have suggested would leave in the hands of the policymaking body, which is the Congress of the United States, the power to determine by concurrent resolution whether that should be done.

I submit that suggestion to the Senator from Massachusetts, prior to his response to the question of the Senator from Florida.

Mr. SALTONSTALL. Mr. President, I am glad the Senator from California has brought that point to my attention. It is my understanding that that was the substance of the colloquy the Senator from Oklahoma had with me a few minutes ago.

The purpose of the bill is to avoid an annual debate, on the floor of the Senate, as to whether a new unit shall be built here or a new unit shall be built there. Although I am not sure I shall support the bill, the purpose of the bill—the theory and background of the bill, as I understand, amount to this: There will be certain power revenues and revenues from the issuance of bonds; and, within reasonable limits, the Corporation will be permitted to use them to extend its activities.

The whole purpose of my amendment is to keep the operations within the provisions of the Government Corporation Control Act, and not to exempt the TVA from those provisions, as would be done by the bill as it now stands.

Mr. President, what the Senator from Florida has said and what the Senator from California has said constitute arguments in behalf of their own amendments. I did not intend to discuss them at this time.

I rather agree with the Senator from Florida, but I would prefer not to deal with the question he has raised in connection with my amendment.

The PRESIDING OFFICER. The time the Senator from Massachusetts has yielded to himself has again expired.

Mr. GORE. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to himself some time from the time available to those in opposition to the amendment?

Mr. GORE. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes.

Mr. GORE. Mr. President, from the colloquy which has been had—if the Senator from Massachusetts will yield——

Mr. SALTONSTALL. Mr. President, I believe the Senator from Tennessee now has the floor.

Mr. GORE. Mr. President, I yield my 5 minutes to the Senator from Massachusetts, in order that I may ask him some questions.

Mr. SALTONSTALL. Very well.

Mr. GORE. From the colloquy between himself and the senior Senator from Oklahoma and other Senators, it seems to be clear that the senior Senator from Massachusetts does not desire to require annual approval of each action by the TVA with respect to the management and operation of its power program.

Mr. SALTONSTALL. On capital improvements.

Mr. GORE. On capital improvements; which I believe is one of the objectives President Eisenhower has stated in recommending self-financing legislation in his last three successive budgets.

The Senator has stated that the pending bill removes the TVA from the Government Corporation Control Act. I do not believe the Senator means that exactly. Is it not a fact that the Government Corporation Control Act itself exempted section 26 of the TVA Act, which is the section of the TVA Act which gives to the TVA latitude in using its revenues

for operations in connection with its power program, and then requires it to remit the net to the Treasury?

Mr. SALTONSTALL. I cannot answer that question. As a member of the Committee on Appropriations, I have heard that subject discussed every year. If the Senator from Tennessee says that is true, I shall take his word for it. I cannot answer that question of my own knowledge at the moment.

Mr. GORE. I will say to the Senator that that is the case.

If the Senator will turn to his amendment, I should like to refer to page 2, which has not been discussed. On page 2, the Senator's amendment refers to sections 866, 867, and 868 of title 31 of the United States Code.

Mr. SALTONSTALL. That is correct.

Mr. GORE. If the Senator will refresh his memory, section 866 of the code refers, does it not, to audits by the General Accounting Office?

Mr. SALTONSTALL. That is correct.

Mr. GORE. I agree that the accounts of TVA should be audited. There is no difference on that point. The pending bill authorizes the TVA to have an independent audit, as well as a General Accounting Office audit.

If the Senator will turn to section 867, I will ask him if that section of the code does not relate to the deposit of funds by a Government corporation.

Mr. SALTONSTALL. That is my understanding.

Mr. GORE. If I may state the difference, the pending bill would authorize the TVA to deposit funds in a Federal Reserve bank or a member bank, as a time deposit, during the period of construction of a project, thereby enabling the TVA to draw some interest on its funds. Section 867 of the code would require the TVA, as it requires all Government corporations, to deposit the funds with the Treasury.

Mr. SALTONSTALL. I call the Senator's attention to this language, reading from the top of the next page:

> The Secretary of the Treasury may waive the requirements of this section under such conditions as he may determine.

I suppose any Secretary would permit the TVA to keep its funds in any safe, trustworthy bank. If the TVA could put the funds in a bank as time deposits, it ought to do so. The Secretary would be very foolish if he did not allow that.

Mr. GORE. I think it may be entirely possible that any reasonable Secretary of the Treasury would reach such a conclusion and take such action.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. Mr. President, I yield the Senator 3 additional minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 3 additional minutes.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SALTONSTALL. Yes.

Mr. GORE. The committee, after 2 years of study, came to the conclusion it was reasonable to write into the bill provision for confirmation of authority for the TVA to deposit its funds as time deposits in a Federal Reserve bank or a member bank.

If I may quickly turn to the third section, section 868, that relates, does it not, to the manner of issuance of bonds?

Mr. SALTONSTALL. It does. If I may say so to the Senator, that may be the cause of a great difference of opinion. I think that section is a very important one. The one about bank deposits is not as important in my opinion, because I think if the directors did not keep the funds in a proper bank, they would not be proper persons to be directors.

The question of the issuance of bonds becomes very important, particularly in these times, because of the discussions we have had on the floor, and the discussions in which the Senator from Tennessee himself has engaged. We must have headed up, in one place, the responsibility of determining the very intricate question of the pricing of Government securities, and the pricing of Government-controlled corporations. I think that is an important provision.

Mr. GORE. Will the Senator yield?

Mr. SALTONSTALL. Yes.

Mr. GORE. I agree with the Senator that it is an important provision, and I am asking my questions in order to bring to the attention of the Senate the real differences between the Senator's amendment and the pending bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. I yield 2 additional minutes to the Senator.

The pending bill, I think the Senator will agree, authorizes the TVA board of directors to determine rates of interest, dates of maturity, and dates of issuance, with the exception that they must advise with the Secretary of the Treasury about the date of issuance, and the Secretary of the Treasury is authorized to prescribe a period of 45 days during which the TVA would not be authorized to issue bonds.

The amendment of the Senator from Massachusetts, I believe he will agree, would delegate that authority entirely to the Secretary of the Treasury. I am sure it would, and I am sure the Senator will agree with me that it would impose upon the Secretary of the Treasury, in addition to his other duties, including managing the public debt, the duty of determining the need for and the issuance dates, interest rates, and maturity dates of proposed bond issues and other duties with respect to the management functions of the TVA. I agree with the Senator that is important; but the committee, I believe unanimously in this case, thought that was essentially a management function which should be vested in the TVA Board of Directors, but that the function should be exercised in such a way as not to interfere with any of the funding operations of the Secretary of the Treasury.

Do I correctly state the difference?

Mr. SALTONSTALL. Yes. I will say to the Senator, if I may, and I am speaking in the Senator's time, and the time for debate on the amendment is running out, that essentially the purpose of my amendment is to keep TVA within the Government Corporation Control Act, with such modifications as will make it possible to carry forward the new programs of the TVA to the best possible advantage. I tried not to go into the question of limitation of area, and so forth. I think that is an important question, but I do not think it is so important as is the question of bookkeeping and accounting and keeping TVA within the purview of the Government Corporation Control Act.

Mr. BUSH. Mr. President, will the Senator yield to me?

Mr. SALTONSTALL. I understand my time has expired.

Mr. BUSH. Will the Senator from Tennessee yield me any time?

The PRESIDING OFFICER. Each side has 5 minutes remaining.

Mr. BUSH. Mr. President, may I have the attention of the Senator from Massachusetts [Mr. SALTONSTALL]? I understand the Senator has 5 minutes remaining. Will he yield to me?

Mr. SALTONSTALL. I yield the Senator from Connecticut 2 minutes.

Mr. BUSH. I suggest to the Senator a modification of his amendment, as follows:

On page 1, line 3, strike out the words "except as necessary."

On page 1, line 4, strike out the words "as may be" and insert the word "until" before the word "approved."

On page 1, line 5, after the word "Congress" insert the words "by concurrent resolution."

That would have the effect of making the amendment read as follows:

> No such bonds shall be issued or sold, nor shall the proceeds of said bonds or of power revenues be used, for such of the foregoing purposes until approved by the Congress by concurrent resolution in connection with its consideration of the Corporation's budget programs——

And so forth. I beg the Senator to accept that modification. Otherwise I feel disposed to offer it as an amendment to the amendment.

I believe the modification would meet the point the Senator from Florida raised. I have discussed it with other Senators.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUSH. The modification will meet the objection which exists.

Mr. SALTONSTALL. I yield the remainder of my 3 minutes to the Senator from Connecticut.

Mr. BUSH. I believe the modification would go a long way to comfort those who do not wish to see Congress relinquish its authority in this matter, but who wish to see Congress retain authority over expenditures of the TVA, as it has exercised it in the past.

The TVA is not a sacred organization belonging to one section of the country. It belongs to all the people of the United States. The Congress of the United States has a definite responsibility for it. I believe the modification I have suggested will go a long way toward meeting objections.

Mr. SALTONSTALL. I will say to the Senator from Connecticut, in what time is left to me, that I agree with what the

Senator has said. I was trying to work out an amendment in such a way, I repeat, as to keep the TVA within the Government Corporation Control Act and yet require it, as to capital expenditures, to engage in an annual debate as to whether this unit or that unit is the correct one.

As I understand, that is the purpose of the President, and it was the underlying thought of the bill. I was trying to draft language which would accomplish that purpose without bringing about an annual debate.

Mr. BUSH. Does the Senator reject my proposal that he accept this modification? If he will not accept it, I should like to offer it as an amendment. It seems to me to do exactly what the Senator really desires, which is to give Congress proper control over the matter.

Mr. SALTONSTALL. I will say to the Senator from Connecticut, before I say "yes" or "no" to his proposition, that I should like to hear from the Senator from Tennessee. If the Senator from Tennessee and his group do not believe that language along such a line is proper——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SALTONSTALL. Will the Senator from Tennessee yield a minute to me?

Mr. GORE. I yield 1 minute to the Senator from Massachusetts.

Mr. SALTONSTALL. I approve of the language suggested by the Senator from Connecticut. I prefer the original language of my amendment.

What I was trying to do was to work out language also to carry out the purposes of the President, by allowing the proceeds of bond issues and power revenues to be used to enable the Corporation to proceed with proper development in the proper area of the Tennessee Valley Authority.

Mr. GORE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. GORE. I will yield myself the 4 remaining minutes on the amendment, and it will be my purpose to yield next to the Senator from Kentucky some time on the bill.

Mr. CASE of South Dakota. Mr. President, will the Senator yield to me in order that I may offer an amendment to the amendment offered by the Senator from Massachusetts?

Mr. GORE. I yield for that purpose.

Mr. CASE of South Dakota. Mr. President, I offer an amendment to the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. President, will that not establish new time?

Mr. GORE. Mr. President, will the Senator permit me to use my time first, please?

Mr. CASE of South Dakota. Certainly.

Mr. GORE. Mr. President, first I wish to express my appreciation and gratitude to the Members of the Senate for listening, because the point under discussion seems to be the heart of the controversy over the bill. As I understand, there is no real controversy between the two sides of the aisle, at least, as to the necessity and desirability of passing a TVA self-financing bill. President Eisenhower has recommended in his last three successive budgets, the enactment of such a bill.

The able senior Senator from Massachusetts has offered an amendment which I should like to discuss very briefly, and I should like to have the attention of my colleagues. If I may have their attention, I will appreciate it very much. I have only 4 minutes.

Mr. President, if Senators will look at the amendment, I shall discuss it from the beginning.

The Senator from Massachusetts desires to retain Congressional control. I join him in that thought wholeheartedly.

The reason why the original Government Corporation Control Act, of which the Senator from South Dakota was a coauthor, provided an exemption for TVA, as to revenues and revenues only, was that the TVA was an operating utility, not like the Commodity Credit Corporation and not like the Panama Canal. It was an operating utility and needed authority to collect its revenues and to use its revenues to meet its bills, and then to remit to the Treasury whatever remained. Thus far the profit has been something over $400 million.

The committee, after 2 years of study, let me say to my colleagues, recommended that the management functions of the TVA be vested in a Board of Directors, subject to supervision by the President and subject to review by the Congress. The committee felt that the Secretary of the Treasury was not in as advantageous a position to exercise decisions on management functions as would be a Board of Directors living in the valley, where the problems arise, whose full function and duty would be to deal with those problems.

The committee felt that the question of depositing of funds should be treated in a manner different from that pertaining to a Government corporation domiciled in Washington. The TVA headquarters is in the valley. If it should have $500,000 which it would not be able to use for 60 days, we thought it advisable to give the TVA latitude to deposit such funds in a Federal Reserve bank as a time deposit, to draw a little interest.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. CASE of South Dakota. Mr. President, I offer an amendment to the amendment and ask for time on it, under the unanimous-consent agreement.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. On page 2, line 5 of the Saltonstall amendment, it is proposed to insert, after the comma, the words "and except as inconsistent with the express provisions of this act."

Mr. CASE of South Dakota. Mr. President——

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. CASE of South Dakota. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. CASE of South Dakota. Mr. President, the amendment offered by the Senator from Massachusetts reads, on page 2, as follows:

(i) Except for the audits of its accounts by commercial accounting firms as provided for in subsection (c) hereof, the authority granted to the Corporation by this section shall be subject in all respects to the provisions of section 301, 302, and 303 of the Government Corporation Control Act as amended (31 U. S. C. 866–868).

My amendment proposes to make another exception, by inserting in line 5, after the words "hereof," the words "and except as inconsistent with the express provisions of this act."

The amendment then would read:

(i) Except for the audits of its accounts by commercial accounting firms as provided for in subsection (c) hereof, and except as inconsistent with the express provisions of this act, the authority granted to the Corporation by this section shall be subject in all respects to the provisions of section 301, 302, and 303 of the Government Corporation Control Act as amended (31 U. S. C. 866–868).

I wish to be utterly frank with Senators, and point out exactly what this amendment would do. Section 301 of the Government Corporation Control Act, or paragraph 866 of the code, relates to auditing. I see no particular problem in connection with auditing.

Section 302 relates to depositing funds, and I see no great conflict with respect to depositing funds.

It is true that there is a provision in the bill which would permit the Corporation to deposit its money in a Federal Reserve bank or a bank which is a member of the Federal Reserve System. The Government Corporation Control statute says the same thing, except that it provides that the Secretary of the Treasury may waive the requirements of that section. The Senator from Massachusetts has indicated that in all probability the Secretary would waive the requirements, on an understanding with the Board.

However, the particular conflict between the amendment offered by the Senator from Massachusetts and the express provisions of the bill comes between section 303 of the Government Corporation Control Act and the language in the bill which starts at the bottom of page 5 and is incorporated in the paragraph marked "(c)." The conflict comes in these words. The Government Corporation Control Act, in paragraph (a) of section 303, reads as follows:

All bonds, notes, debentures, and other similar obligations which are on or after December 6, 1945, issued by any wholly owned or mixed-ownership Government corporation and offered to the public shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, shall be issued in such manner and at such times and sold at such prices as have been or as may be approved by the Secretary of the Treasury.

That is the provision of the Government Corporation Control Act which would be directly contradicted by the provisions in the bill in paragraph (c) at the bottom of page 5. Let me read the applicable portions of the bill.

(c) Bonds issued by the Corporation under this section shall be negotiable instruments unless otherwise specified therein, shall be in such forms and denominations, shall be sold at such times and in such amounts shall mature at such time or times not more than 50 years from their respective dates, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the Corporation in such manner and at such times and redemption premiums, may be entitled to such relative priorities of claim on the Corporation's net power proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the Corporation may determine: *Provided*, That before issuing any bonds hereunder, the Corporation shall advise the Secretary of the Treasury with respect to the amounts of bonds to be issued and the proposed date of the sale thereof, and if the Secretary, within 15 days after receiving such advice, shall request deferral of the sale thereof for a period not in excess of 45 days, the Corporation shall not sell the bonds before the end of such period. The Corporation may sell such bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial condition and operations by commercial accounting firms (which audits and reports shall be in addition to those required by sections 105 and 106 of the act of December 6, 1945 (59 Stat. 599; 3 U. S. C. 850–851), may, notwithstanding the provisions of sections 302 and 303 of the act of December 6, 1945, as amended (59 Stat. 601–602, 70 Stat. 667; 31 U. S. C. 867–868), or any other law, but subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its power program in any securities approved for investment of national bank funds and deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section.

The bill does not exempt the general, ordinary operations of the Tennessee Valley Authority from the provisions of the Government Corporation Control Act. The modification of the application Control Act with respect to the Tennessee Valley Authority would be accomplished only by the express and specific provisions in the bill. There is no general repealer or exemption from the Government Corporation Control Act.

With respect to the sale of bonds, the Corporation which directs the activities of the TVA knows when it is receiving revenues. It knows the financial capacity of TVA to repay bonds and to issue bonds. That is why the committee thought the Corporation should be the one to determine the maturities, the terms on which the bonds should be sold, and other conditions surrounding the sale of the bonds.

If the Secretary of the Treasury is to take over the determination of the terms of the bonds, the maturities, the repayment guaranties, and so forth, then the Secretary will have to establish a special division to study the financial capacity and the earning power of the facilities of the TVA, and go into the operations of the Tennessee Valley Authority itself.

The committee was sympathetic toward the idea of a consultation between the Corporation and the Secretary of the Treasury; and at my suggestion specifically provided that the Secretary of the Treasury might defer the sale of the bonds for as much as 60 days. On its face, the bill provides that he may defer it for 45 days. However, he also has 15 days in which to determine whether he will request a deferral. So that if he uses the 15 days to determine whether he shall request a deferral, and then may defer it for 45 days, it means that he has 60 days in all.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. GORE. Will the Senator from South Dakota affirm the fact that it was the unanimous opinion, as I recall, of the Public Works Committee, that we did not want to permit the funding of any TVA issue to interfere in any way with the management of the public debt of the United States Government?

Mr. CASE of South Dakota. The Senator is absolutely correct. The committee does not want in any way to injure the ability of the Secretary of the Treasury to manage the public debt. It should be kept in mind that the bill expressly provides that the bonds issued by the Corporation shall not be obligations of the United States.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The time of the Senator has expired.

Mr. CASE of South Dakota. I yield myself an additional 5 minutes.

On page 5 of the bill it is provided:

Bonds issued by the Corporation hereunder shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the United States.

Therefore the bonds do not become a part of the national debt in any respect whatever. They are obligations solely and only of the Tennessee Valley Authority.

Mr. GORE. They are revenue bonds.

Mr. CASE of South Dakota. Yes.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. SALTONSTALL. While they do not become a part of the direct obligations of the United States Government, they are obligations of a Government-owned corporation, and thereby affect the Government security market, and are subject to the revenue that may be earned by a Government-controlled corporation. Obviously they will affect the ultimate marketing of Government securities. That is why it is so important to give the Secretary of the Treasury greater responsibility than the bill gives him.

Mr. CASE of South Dakota. Mr. President, I certainly agree that any sale of bonds in any sizable quantity on the market probably has some effect upon the general marketability of Government bonds. The availability of money, I suppose, affects the interest rate anyone must pay. We sought to meet that situation somewhat by placing a limitation on the total amount of securities which could be outstanding at any one time. As the bill was introduced, there was no limitation. On my motion, a limitation was added in the amount of $750 million. That suggestion was in harmony with the suggestion made by the Bureau of the Budget and by General Vogel, the most recent appointee to the Tennessee Valley Board of Directors.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from Tennessee.

Mr. GORE. Was it not the purpose of the committee, in permitting TVA to have a commercial type of audit, in addition to the audit by the General Accounting Office, to meet the requirements for the sale of revenue bonds?

Mr. CASE of South Dakota. The Senator is correct. The Government audit would still be continued. Under the bill we do not in any sense relieve the Tennessee Valley Authority of the requirement to be audited by the General Accounting Office, or of any other Government audit. We provide for an additional audit, so that the marketability of the bonds will not encounter some technical difficulties.

Mr. GORE. Is it not also true that the committee unanimously felt that the TVA Board, which is located some 500 miles from Washington, should be permitted to deposit its funds in a Federal Reserve bank, or in member banks, in order to earn some interest during the period such funds are idle?

Mr. CASE of South Dakota. I think that is correct. I personally believe that the Secretary of the Treasury would have no hesitancy in waiving the requirement under section 302 of the Government Corporation Control Act. So far as I am personally concerned, I see no objection whatever to letting sections 301 and 302 of the Government Corporation Control Act apply, as provided by the amendment offered by the Senator from Massachusetts.

However, the direct problem arises in connection with section 303, as to who shall determine the conditions of the bonds, the security of the bonds, the maturity of the bonds, and things of that sort. If the Secretary of the Treasury is consulted, and if he can determine the timing of the issuance, he has adequate protection. Therefore, it seems to me also that the people who are administering the business are the ones who ought to have the final say as to the maturity of the bonds, because they are the ones who know the earning capacity of the corporation.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. GORE. I agree with the statement the Senator just made. I think it adds up to the fact that the committee has met the overwhelming part of the desires of the able senior Senator from Massachusetts. We have done it in a different way, perhaps, but I believe we have accomplished fully 95 percent of the objectives which the Senator from Massachusetts has expressed. If I may return for just a moment to the question of the audit——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. Mr. President, I yield the floor temporarily, and I reserve the remainder of my time.

Mr. GORE. Mr. President, I yield 10 minutes on the bill to the Senator from Kentucky [Mr. COOPER].

Mr. KERR. Mr. President, is it not true that 30 minutes is available for debate on the amendment of the Senator from South Dakota?

Mr. GORE. I am mistaken. I yield 10 minutes to the Senator from Kentucky on the amendment.

Mr. COOPER. Mr. President, I should like to direct my remarks to the amendment which has been offered by the senior Senator from Massachusetts [Mr. SALTONSTALL].

It should be clearly understood by the Members of the Senate that the amendment which the Senator from Massachusetts has offered will be the most important one we will vote on in connection with the pending bill. It should be clearly understood that if the amendment should be agreed to it would in great measure, if not entirely, defeat the purpose of the self-financing bill.

As has been said here, we agree that a bill to provide such self-financing is necessary. It is the judgment of the Directors of the Tennessee Valley Authority; it has been recommended by the Bureau of the Budget, and it has been recommended three times, I believe, by the President of the United States. The real question we must decide is whether we will make a self-financing plan effective.

I will narrow the question. The question is whether we will authorize the Tennessee Valley Authority to finance its operations during the next 5 years, or whether we will turn the power over to the Bureau of the Budget and, in a minor way, to the Congress.

If there were no restrictions on the financing operations of the Tennessee Valley Authority, or if there were no control left in Congress, I would say the amendment offered by the senior Senator from Massachusetts might have a point. But, I will point out the restrictions which have been placed in the bill on the financing operations of the Tennessee Valley Authority.

Whatever may be our disagreement over the power operations of the Tennessee Valley Authority, or the methods provided for in the bill, there are certain indisputable facts which have been brought out in the hearings. The first fact is that in the next 5 years construction of facilities to supply 3,750,000 kilowatts must be initiated, and that approximately $750 million will be required. The fixing of that amount is itself a limitation on the authority of the Tennessee Valley Board of Directors.

The second restriction which has been placed in the bill is a geographical restriction. I shall not discuss it at any great length, except to say that it is provided in the bill that, if the area is to be extended, there must be an affirmative decision made to that effect by Congress. It must be done by act of Congress. There are certain minor exceptions, but even with the exceptions the Tennessee Valley Authority must report its plan to Congress and to the executive branch of the Government, and Congress would have the power, in effect, to veto any expansion or use of proceeds of the bonds. So, that is the second restriction.

Third, there is the time limitation. Each year the Tennessee Valley Authority will submit an annual report to Congress. If Congress should see fit to change its plans, it has the inherent power to amend the act.

Finally, with respect to the Board of Directors, in view of the fact that the Board must report every year, and that within 5 years it must return to the Congress to request additional authority for financing, it must be we realize that the Board will want to make a good record under the authority granted by this bill and keep strictly within its limit.

The members of the Board of the Tennessee Valley Authority will be the appointees of the present administration. Certainly if, with the limitations which are placed upon their powers in the bill, we are to trust the three Directors, they ought to have the authority to operate effectively the self-financing plan.

The Senator from South Dakota [Mr. CASE], the Senator from Tennessee [Mr. GORE], and other Senators have pointed out as I do now that the real question is whether the financing shall be conducted by the Board of the Tennessee Valley Authority, or whether Congress will attempt to continue to conduct its detail or whether the Bureau of the Budget will do so.

I strongly believe we have come to the point where Congress must recognize that the Tennessee Valley Authority is charged with the responsibility of meeting the power needs of the area. By act of Congress, through continued appropriations year after year, and by the act of Congress which approved the sale of the private utilities in the Tennessee Valley area, the Congress has for years confirmed one function of the Tennessee Valley Authority; namely, a public utility which is charged with the responsibility of meeting the power demands of the area in which it operates. If Congress does not want to continue that function of the TVA, it should say so.

But if Congress intends to permit TVA to operate and to meet the needs of the area, then Congress ought to give TVA the authority to finance itself and the flexibility to operate. We have imposed conditions in this bill upon the methods and the areas in which these funds will be spent. But when it is now proposed to require TVA to come back to Congress year after year and have Congress approve every facility, the location of the facility, the capacity of the facility, the amount of bonds and the terms under which bonds can be issued, then I say that if this amendment is enacted, Congress will be trying to operate the Tennessee Valley Authority, or, perhaps to put it more accurately, the Bureau of the Budget will be found operating the Tennessee Valley Authority.

The restrictions which I have mentioned give the executive branch and the Congress adequate control over the TVA's operations during the 5 years. I think the Tennessee Valley Authority should now be enabled to go ahead with its necessary expansion and be permitted to operate its facilities.

I shall make a statement which probably does not bear directly the technical and legislative matters we are now discussing. My party has said during this administration that we intend to preserve the Tennessee Valley Authority. I think we should keep that promise.

I repeat what I said at the beginning. The amendment of the distinguished Senator from Massachusetts is the key amendment, upon which we will vote today. If the amendment shall be adopted it will prevent the Tennessee Valley Authority from effectively managing its operation during the next 5 years. The amendment should be defeated.

Mr. BUSH. Mr. President, will the Senator from South Dakota yield 3 minutes to me, so that I may propound some questions to him?

Mr. CASE of South Dakota. Mr. President, I yield myself 3 minutes for the purpose of permitting the Senator from Connecticut to interrogate me.

Mr. BUSH. Probably he has already done so, but will the Senator state what his amendment is designed to do?

Mr. CASE of South Dakota. The amendment is designed to avoid a conflict between the provisions of section 303 of the Government Corporation Control Act, and paragraph (c), as the language starts at the bottom of page 5. That relates to the determination of the amounts, conditions, maturities, and terms surrounding the issuance of the bonds.

The Government Corporation Control Act requires the Secretary of the Treasury to determine those questions. The bill provides that they shall be determined by the corporation, but the corporation must submit the amounts and the proposed date of the sale to the Secretary of the Treasury, who could defer the issue for 45 days beyond the date when he requests such deferral.

Mr. BUSH. Simply, then, the purpose of the amendment is further to emphasize the exclusion of the Secretary of the Treasury from authority in connection with the sale of the bonds?

Mr. CASE of South Dakota. It would permit the Secretary of the Treasury to control the timing of the issuance of the bonds within a limit of 60 days, but not the terms.

At the suggestion of the Senator from Massachusetts, I was working upon some language to provide that if the Secretary of the Treasury had some recommendations to make with respect to the terms and conditions of the bonds, they could be considered by the directors.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. BUSH. Mr. President, will the Senator yield me 2 additional minutes?

Mr. CASE of South Dakota. I yield 2 additional minutes to the Senator from Connecticut.

Mr. BUSH. I wish to emphasize the fact that the Secretary of the Treasury is responsible, if anyone is, for financing the Government of the United States, of which the TVA is a very definite part.

While one may not object to the TVA issuing its own bonds—I do not think I would object to that—I certainly object to anything which would take from the Secretary of the Treasury the authority to set the terms of a bond issue affecting, as it does, virtually the full faith and credit of the Government of the United States.

While it is provided that the bonds are not to be guaranteed by the United States, the people of this country cannot be fooled in that way. Any obligations of a Government corporation which is 100 percent owned by the United States Government is an obligation of the United States. If the people buy those bonds, they certainly expect the bonds to be paid, and everyone knows that they will be paid.

This question came up in connection with the highway bill 2 or 3 years ago, when a revenue bond issue was included in the original interstate system, as the Senator from South Dakota will recall.

Former Secretary of the Treasury George Humphrey spoke before the Committee on Public Works, of which I was then a member, and said he thought that, regardless of what was said in the bill about the guaranty of the bonds, the Government would have to make good on the bonds. That being the case as to that issue, I believe it applies also to any bonds issued by the TVA, which I think are very good bonds anyway, or will be good bonds.

The PRESIDING OFFICER. The time of the Senator from South Dakota has again expired.

Mr. BUSH. Mr. President, will the Senator yield me 1 more minute?

Mr. CASE of South Dakota. I yield myself 1 minute, and I yield that to the Senator from Connecticut.

Mr. BUSH. I simply say that, because the bonds are, in effect, an indirect and a very important obligation of the United States Treasury, the Secretary of the Treasury should have adequate authority to control their issuance and the terms and conditions of the bond issue. Therefore, I shall vote against the amendment of the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I yield myself 1 additional minute.

I do not see how the Secretary of the Treasury can soundly determine the maturity, terms, conditions, and size of the bond issue unless he sets up either in the Treasury Department or the Bureau of the Budget a new division, to be named something like "Tennessee Valley Authority Division," which will study the earning power, the revenues, the market for the power, and all other factors which relate to the ability of the Tennessee Valley Authority to redeem its bonds. I myself cannot see why the Secretary of the Treasury would want to take that burden upon himself.

I should think he would want to have a voice in determining the impact of any sale of bonds by the TVA upon the marketability of Government securities. But if we are going to have a Government corporation which is charged with administering the business of the corporation, I do not know why it should not be the one where responsibility would rest for determining the fiscal operations of the corporation and its obligations.

Mr. BUSH. Mr. President, if the Senator from South Dakota will yield, I should like to say that I do not think the arrangement of financing which is contemplated would be very complicated for the United States, which is accustomed to issue bonds in the amount of billions and billions of dollars. In this case an issue of $750 million is proposed.

Mr. CASE of South Dakota. But the Secretary of the Treasury does that with respect to the revenues of the United States. He knows what prospects of revenue the Government has, but he does not know what prospects of revenue the Tennessee Valley Authority has, or at least he does not know it to the extent that the Board of Directors of the TVA knows it.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The time yielded to the Senator from South Dakota has expired.

Mr. BUSH. Mr. President——

Mr. CASE of South Dakota. Mr. President, if the Senator from Connecticut wishes to ask further questions, I think he should use some of the time available to the opposition.

Mr. BUSH. I do not know who controls the time available to the opposition.

Mr. KERR. Mr. President, I yield myself 3 minutes from the time available to those in opposition to the amendment.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 3 minutes.

Mr. KERR. Mr. President, I wish to say that the statements which have been made do not portray the elements which exist.

The proposal about highway bonds was rejected by the Congress because the Congress said that it was going to raise the revenues, itself, and was going to control the revenues, and was going to control the expenditure of the revenues.

In this case the Congress is saying, "We are not going to raise this money by taxation." The Congress is not going to appropriate money from the tax revenues, in order to finance the TVA. The Congress and the President have said that they want the TVA, through its own operations, to sell revenue bonds to finance its own expansion.

Mr. President, the President of the United States appoints the Directors of the TVA, just as he appoints the Director of the Bureau of the Budget and just as he appoints the Secretary of the Treasury. Those appointments come before this very body, either for approval or for disapproval.

When the revenue bonds are issued under the legislative proposal now before us, the TVA must fix the rates for the electric power to be sold to the people of the valley, and they must be fixed on a basis which will enable the TVA to collect from the users of the power to be generated, sufficient funds to pay the carrying charges. The United States Government will not pay the carrying charges; the taxpayers will not pay them. Instead, the power users will pay them.

Mr. BUSH. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. Not at the moment, Mr. President.

The rates will have to provide sufficient revenue, in addition to an amount adequate to pay the carrying charges and the operating expense, to make it possible to retire the bonds—to liquidate them and pay them off. After that has been done, the property will belong to the United States Government.

The PRESIDING OFFICER. The time yielded by the Senator from Oklahoma to himself has expired.

Mr. KERR. Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for an additional 5 minutes.

Mr. KERR. Mr. President, why should the Secretary of the Treasury—who does not take these expenditures into account in fixing the budget, and does not take the requirements into account in connection with the determination of what the taxes will be or in connection with the determination of how much money will be appropriated by the Congress—have this burden placed upon him? The directors of the TVA, who are charged with the responsibility of administering this act, are appointees of the President of the United States; and the President of the United States also appoints the Secretary of the Treasury and the Director of the Bureau of the Budget. All those nominations must be approved by the Senate, if they are to be effective. Why should the Board of Directors of the TVA be authorized to do this work, and why should they then proceed to carry out this assignment in connection with a program which the people affected are paying for, if someone in Washington, 500 miles away—someone concerned with a national debt of $275 billion and an annual budget of $70 billion—is then either to have to be charged with the responsibility and to carry the burden of deciding those matters for this group in the TVA? That simply does not make sense, Mr. President.

Mr. BUSH. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. BUSH. I wish to try to answer the question the Senator from Oklahoma has asked. But before I do so, will he not agree with me that 2 or 3 years ago the Secretary of the Treasury—in connection with the highway-revenue-bonds proposal, which I agree with the Senator from Oklahoma was rejected, and probably properly so—said, and did the Senator from Virginia also not testify, when he appeared before the committee, that those revenue bonds, if authorized, would, in effect, become obligations of the Government of the United States?

Mr. KERR. And the Senator from Oklahoma thought they would be moral obligations of the Government of the United States, and that therefore the Government of the United States should undertake to finance the program of building the roads and should appropriate the money and should control the program. But the Congress has said

that the funds required for that purpose will not be collected from the people; and the Congress has also said that it will not appropriate, from the tax revenues of the people, funds to be used to build the TVA.

In the case of the roads, they are not toll roads.

Mr. BUSH. I understand that, but——

Mr. KERR. On the other hand, the projects built by the TVA would be identical in principle to toll roads. This authority is created to build power-producing facilities, to sell power to the people in a limited area, who themselves will pay tolls, with the exception that after they have paid for the facilities, they still will belong to the United States Government. I know that my great friend, the Senator from Connecticut—who is not trying to help get the bill passed, but who is trying either to defeat it or to cripple it—knows what I am talking about.

Mr. BUSH. I should like to say that the Senator from Oklahoma has answered his own question as to why the Secretary of the Treasury should, in connection with this important matter, have some authority over the terms and conditions of the bond issue, because the Senator from Oklahoma agreed with the Secretary of the Treasury—according to my understanding of what the Senator from Oklahoma just said—that these obligations would be obligations of the United States Government.

Mr. KERR. No, Mr. President; the Secretary of the Treasury agreed with the Senator from Oklahoma. When the Secretary of the Treasury first made his proposal, he announced that the obligations would not be moral obligations of the United States Government.

Mr. BUSH. At any rate, the two eminent gentlemen now agree on that point. That is exactly the reason why I believe that if bonds are to be issued—bonds which, in effect, would be obligations of the United States—the Secretary of the Treasury, who is responsible for the issuance of all the other bonds of the Government of the United States, should have the authority and the responsibility of coordinating the financing of this agency with the whole program of financing the Government of the United States, which unfortunately is a very large program. That is the answer to the Senator's question.

Mr. KERR. Mr. President, I wish to say it is entirely right; I wish to say that if these bonds were to be financed by the people of the United States, the bonds should be under the control of the Secretary of the Treasury. But the bonds are not going to be financed by the people of the United States; they are not going to be collected by the Treasury; and the proceeds are not going to be appropriated by the Congress. This project is within an area which is handled by a group of men who, I must say, may be just as able as the Secretary of the Treasury, and they would devote their full time to it.

Mr. BUSH. But, Mr. President——

Mr. KERR. Mr. President, I did not yield further to the Senator from Connecticut.

The PRESIDING OFFICER. The additional time yielded by the Senator from Oklahoma to himself has expired.

Mr. KERR. Mr. President, I yield myself an additional 2 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for an additional 2 minutes.

Mr. KERR. Mr. President, it would be folly for the Congress to say to the people of that area, "We are going to set up a program which will enable you to meet the growing requirements of your area," on the one hand, and then, on the other hand, for the Congress to say that it is not going to permit the program to operate unless both the Secretary of the Treasury and the Director of the Bureau of the Budget and the Congress again approve, year after year, the program—which is before us now.

I am sure the Senator from Connecticut [Mr. BUSH] is not going to vote for this program, no matter what shape we get it in.

The matter is now before the Congress, in order to have the Congress determine how the program shall be operated and managed. Once that is determined, the Congress should permit it to be handled in the way Congress prescribes, by men appointed by the President of the United States and confirmed by the Senate. Those men, directors of TVA, should be permitted to carry out the program the Congress has developed, and should be permitted to carry it out in the manner the Congress has prescribed. That is what should be permitted, rather than to have the Congress make the program the small end of the tail of the dog, either in the case of the Director of the Bureau of the Budget or in the case of the Secretary of the Treasury.

Mr. CASE of South Dakota. Mr. President, I withdraw my amendment to the amendment of the Senator from Massachusetts.

Mr. GORE. Mr. President, before that is done——

Mr. HILL. Mr. President——

Mr. CASE of South Dakota. Very well, Mr. President; I withhold my withdrawal of my amendment to the amendment of the Senator from Massachusetts.

Mr. GORE. Mr. President, at this time I yield 5 minutes to the Senator from Alabama [Mr. HILL].

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. HILL. Mr. President, the distinguished Senator from Kentucky [Mr. COOPER] very clearly and ably pointed out that there is every desire on the part of the supporters of the bill, as reported by the Senate Committee on Public Works, to continue the supervision by the President over this Government agency. There is every desire on the part of the supporters of the measure to continue the review by the Congress of the agency and of its functions and of the work that it does, and to facilitate accountability on the part of the agency to the Congress of the United States; but under the amendment offered by the Senator from Massachusetts, the result would be to transfer the management of the corporation, the Tennessee Valley Authority, out of the hands of the Board of TVA—the management the corporation has had ever since the corporation was created; the management which has done so well with an efficient staff; the management which is appointed by the President by and with the consent of the Senate.

What the Saltonstall amendment would do is take the management out of the hands of the Directors of the TVA, a responsibility which the Directors have exercised through the years and transfer the management to the Bureau of the Budget, with certain veto powers placed in the hands of the Secretary of the Treasury. That is what is involved in the amendment.

Are we to take the management out of the hands of the Board and have this battle every year? As was so ably stated by the Senator from Oklahoma, are we every year to sit in judgment on how to run the TVA? The Senator from Oklahoma has done a wonderful job in bringing the bill to the floor. If every time bonds are issued, every year or every 6 months, the TVA has to come to Congress to get the approval of Congress, then we shall require Congress, in passing on such legislation, to act as the board of management of that agency. If, as would be provided under the Saltonstall amendment, it should be required that before any bonds can be issued—even before the Tennessee Valley Authority Board can recommend to the Congress that bonds be issued—there must be a recommendation to that effect from the Bureau of the Budget, then we shall be transferring the management from the hands of the Board into the hands of the Bureau of the Budget.

This question came up when we passed the Government Corporation Control Act back in 1945. Provisions of the act as introduced would have had the same effect. They would have placed control of TVA's power revenues in the hands of the Bureau of the Budget. We opposed doing so at that time, although we then had a Bureau of the Budget that was under a Democratic administration. We Democrats opposed those provisions of the bill and obtained an amendment.

As the Senator from Tennessee has so well pointed out, Congress, in writing the Government Corporation Control Act, exempted from the provisions of the act the management of the TVA, and left it to the TVA Board to make decisions as to expenditures of revenues that came from the sale of power. Today, in opposing a transfer of the management into the hands of the Bureau of the Budget, we take the same position we took at that time, when we had a Democratic Bureau of the Budget.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. GORE. Is it not true that the whole program has been, and is now, subject to review by the Appropriations Committees of the House and the Senate?

Mr. HILL. The program is not only subject to review by the Appropriations Committees of the House and the Senate, and both Houses of Congress, but each year it is reviewed. The Senator from

Alabama has sat on the House Committee on Appropriations. He now serves on the Senate Committee on Appropriations. Each year all the actions, all the decisions, all the steps taken by the Board are reviewed by the House Committee on Appropriations and by the Senate Committee on Appropriations. We would have it no other way. We want this opportunity to keep ourselves fully informed about TVA. That is our responsibility.

Mr. GORE. And, furthermore, the committees review what the Board plans for next year.

Mr. HILL. Not only do the committees review what the Board has done, but we say "Now, what are your plans for the coming fiscal year? What do you propose to do? What expenditures do you propose to make? What are your plans?" Every year that is done.

Of course, the bill as reported by the committee will retain, if not strengthen, that review; but the question which I see raised by the amendment offered by the Senator from Massachusetts is, Are we going to transfer the management to the Bureau of the Budget?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. I yield the Senator from Alabama 5 additional minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 additional minutes.

Mr. HILL. As I say, the question is, Are we going to transfer the management to the Bureau of the Budget? Who is better able to manage the TVA? The Board which is there in the region, the Board whose one duty and whose one responsibility is to carry on the operations of the TVA, to meet the responsibilities as imposed by the statute, to carry out the obligations imposed on the Board by the act of Congress creating TVA, the Board which knows all the factors that enter into the operations of TVA? Who is better able to carry on the operations of TVA? Such a Board or someone in the Bureau of the Budget who has no particular knowledge of the TVA, who has no opportunity to observe the day-by-day operations of TVA, who is not in a position to have the knowledge and the facts that the TVA Board has and who cannot be held accountable by the Congress? What the amendment would do would be to strike down a basic concept of the whole TVA Act, and that is a decentralized, nonpolitical management of the TVA by a responsible TVA Board appointed by the President and confirmed by the Senate.

Mr. KERR. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. KERR. How many living members are now on the Board?

Mr. HILL. There is now only one living member on the Board.

Mr. KERR. By whom was he appointed?

Mr. HILL. The one living member was appointed by the present President, Mr. Eisenhower. There are 2 vacancies now on the Board, and, under the law, those 2 vacancies will have to be filled by appointment, and those appointments have to be made by President Eisenhower, and have to be made by and with the consent of the Senate. The Senate would have to confirm those nominations.

Some persons would have us think that the TVA was brought into being by the people of the Tennessee Valley. That is not true. The Tennessee Valley Authority was brought into being by the Congress of the United States. It came into being largely for the defense of the United States. It had its genesis in section 104 of the National Defense Act of 1916. It is today serving, in very large measure, the defense needs of our country, because 56 percent of all the power generated by TVA is today going directly to the Government of the United States. Most of that 56 percent is going to the Atomic Energy Commission. The rest of it is going largely to the Air Force at the Tullahoma wind tunnel project or to the Army ballistics missile center, the Redstone Arsenal at Huntsville, Ala. Fifty-six percent is going for the direct defense of the country, and of the remaining 44 percent, 22 percent is going to interests vital to the defense of our country, for the production of aluminum, rubber, and steel.

Senators may recall that most of the aluminum that went into the building of airplanes for the winning of World War II and for the Korean conflict came from the Tennessee Valley. The aluminum was produced in the Tennessee Valley. In addition to aluminum plants, great nitrate and phosphate plants made a mighty contribution to the winning of World War II and to our defense of the Free World at the time of the Korean conflict. Chemicals, metals, and munitions to carry on those wars came out of the Tennessee Valley.

Mr. President, here is an agency that has fulfilled and met the responsibilities imposed on it by the Congress, because we put the management of the TVA in a board named by the President, and confirmed by the Senate, and located in the Tennessee Valley.

Are we today to adopt the amendment offered by the Senator from Massachusetts, to take the management out of the hands of the Board, which has carried it on so well, which has achieved so much and which has brought together such an efficient, capable, and devoted staff, and turn such management over to the staff of the Bureau of the Budget?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. Mr. President, I yield 5 minutes to the Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Mr. President, I appreciate the time being yielded to me.

Mr. President, I am concerned about the Saltonstall amendment, but choose at this time to make a few remarks about the bill as a whole as well.

First, if I may, I should like to refer to the map distributed among some of the membership, which shows a large white area. The Senator from New Hampshire [Mr. COTTON] as I understand, is going to offer an amendment which will remove from eligibility for TVA service all the white area on the map. There will be no opposition from those of us who are interested in the passage of the bill to the Cotton amendment. That will come up at the proper time. I believe it will be satisfactory to a great majority of the membership, at least.

Mr. President, for several years I have advocated a sound self-financing plan for TVA, because as to the financial side of the picture I think the TVA ought to be able to stand on its own feet, issue its own revenue bonds, and pay the bonds off.

We are compelled to plead and almost beg for some kind of financing plan, for reasons I shall describe.

There is no contradiction as to the need. A 5-year program of expansion will require in the neighborhood of $150 million, it is believed. As I understand it, everyone from the President of the United States down has recommended some program along that line.

The bill under consideration provides that after the TVA Commission, which is charged with the responsibility of operating the Authority, has reviewed the needs, made a decision, and decided the need is for $30 million for an additional plant, the President must be notified, and so must the Congress, and the matter must remain here during 60 days of a session of Congress and be subject to legislative veto. That provision insures that the Congress will not take any chance. The TVA will not submit a project unless it is necessary, needed, can stand on its own feet, and is sound from top to bottom.

I favor legislative control over expenditures, and a minute examination. However, I wish to retain the bill as it now reads, as it comes from the committee.

Let me illustrate by stating the need of my own small hometown. I live in a place in East Mississippi which has a population of about 1,200 or 1,500. Away back in the 1920's the town had its own municipal plant, and it sold out to a power company. Some years later we woke up one morning to find that the power company had sold out to the TVA and REA interests. We were not consulted, and we knew nothing about it. We were left with that sole source of power, and that is the way it is today.

The rural residents of my county also get their electricity from TVA sources, but there was not a choice on their part about it. The power companies were there, serving the small towns, not the rural areas, but they sold out and went away.

Now TVA power is the only power we have. We are going to suffer there within a few years unless something is done. Fifty-eight percent of the power output of the TVA is used not by the people but by the Government, primarily to operate segments of our great defense program. We can thank God that there was a TVA to supply that need during World War II and later.

We are not begging, but we are still at the mercy of the Senate. Something must be done. Let us adopt this sound plan, this workable plan, this business-like plan, and give it Congressional approval today, and at the same time retain control in Congress.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. Mr. President, I yield 5 minutes on the bill to the senior Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes.

Mr. KEFAUVER. Mr. President, I thank my colleague.

I do not think this is particularly the time or the place to discuss the accomplishments or the merits of the Tennessee Valley Authority, although at any time I and other Senators and Representatives from that area, and people from all over the United States, are willing to defend TVA and to talk about its great accomplishments.

We are always willing to discuss how the TVA brought to a most distressed area better economic conditions, the contribution it has made to the Government and defense of the United States, the excellence of its operation during these years, and all other factors.

Mr. President, the point here to be discussed is that we are considering an emergency piece of legislation. We shall have brownouts and power shortages by the fall and winter of 1959 unless additional facilities can be built by that time to furnish needed electricity. Everybody recognizes that to be so.

Whether one likes the TVA or does not like the TVA is not important. That should not be any reason for destroying or crippling the great investment which the people of the United States have in the area, and retarding the progress of a great section of the United States.

Mr. President, the bill under consideration is not a bill which was gotten up exclusively by those of us whose homes are in the TVA area. This is a composite or compromise bill, representing ideas of those of us who live in the TVA as well as ideas of others, such as the Senator from Oklahoma [Mr. KERR], as set forth in his bill, the Senator from Kentucky [Mr. COOPER], as set forth in his bill, with several amendments presented by the Senator from South Dakota [Mr. CASE]. This bill is not everything we want, but it is a compromise bill which the TVA can live with.

Mr. President, I implore my colleagues at least to let us have a breathing spell so that we can get by the dire emergency with which we are faced. It is not only we of the valley who face the emergency. The defense installations of importance to the United States face it.

Let me say in that connection that the TVA has saved the United States Government a tremendous amount of money. One mill on the cost of power sold to the Atomic Energy Commission is equal to $50 million a year, and the price of power has been reduced to where it represents a tremendous savings of money for the Government.

Mr. President, the bill only provides for a 5-year program. There are plenty of safeguards to assure that the TVA will use the money carefully during those 5 years.

During those 5 years the TVA will be under the control of appointees of President Eisenhower, because at the present time there is only one surviving member, General Vogel, who himself was appointed by President Eisenhower and who I think has 8 years to serve. There is one vacancy for a 9-year term. The other day Dr. Paty died. He had a number of years to serve.

During the 5 years the Board of Directors of the TVA will be under the control of the appointees of the present administration. No Board of Directors of the TVA has ever done anything except properly to perform its mission in a most businesslike way, and I hope and trust the new members will measure up to the standard which has been set.

At the end of 5 years, or, so far as I am concerned, at any time, there could be a complete investigation of the operations of the TVA. There could be a complete investigation of the question whether TVA ought to be under the Government Corporation Control Act or not.

I point out, in that connection, that when the distinguished Senator from South Dakota [Mr. CASE] was a Member of the House of Representatives he introduced the first bill which led to the Government Corporation Control Act.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. KEFAUVER. Mr. President, will the Senator yield me 3 additional minutes?

Mr. GORE. I yield 3 additional minutes to the senior Senator from Tennessee.

Mr. KEFAUVER. The Senator from South Dakota and a distinguished Representative from Mississippi, Mr. Whittington, held extended hearings as to what should be in the act and what should not be. Those hearings were held before the Committee on Expenditures in the Executive Departments, now called the Government Operations Committee in the House, I believe.

In the Senate, the Senator from Virginia [Mr. BYRD], and former Senator Butler, of Nebraska, held extended hearings as to what should be in the Government Corporation Control Act. I think those hearings were before the Government Operations Committee. At any rate, it was not the Public Works Committee.

This act should not be amended by hasty action taken on the floor. The act was carefully written. Citizens from the TVA area and TVA officials came here and presented the reasons why the TVA, far removed from the Nation's Capital, should be regarded as a business operation, and why it should have certain leeway which did not apply to other Government corporations.

The Congressional committees, composed of thoughtful and considerate men, decided, and in turn, the House and Senate decided, that it would not be in the best interest of the Government to include the TVA, and so it was exempted.

Since that time 161 municipalities or rural electric cooperatives have spent hundreds of millions of dollars buying and installing distribution systems for the distribution of TVA power. They have a big stake in this operation. No hearings whatsoever have been held on amending the exemption of the TVA under the Government Corporation Control Act.

Various and sundry amendments, and amendments to amendments, have been presented. That proves that this is not the way to undo the work which was done after careful and full consideration. I respectfully urge upon my colleagues that before the investment of the people who put their money into something in good faith is jeopardized in any way, they should be given an opportunity to be heard. No TVA official or employee, no representative of the distributors, was asked his opinion as to the subject matter of the amendment of the Senator from Massachusetts.

I should be glad to join in urging a review of the entire subject by the appropriate committees, but I urge that the Congress pass this emergency legislation now, and not complicate it by extraneous matters on which no hearings have been held.

Mr. CASE of South Dakota. Mr. President, I yield myself 2 minutes.

Whatever the decision of the Senate may be with respect to the Saltonstall amendment, I had intended to propose an amendment which deals with this issue. It would add to the review powers of the Secretary of the Treasury as provided by the bill.

As provided by the bill reported from the committee, the Secretary of the Treasury would be entitled to 15 days within which to determine whether or not he wished to ask for a deferral of the time of sale; and if he so determined, he could ask that the sale of bonds be deferred for an additional period of 45 days.

I propose to suggest that, in addition to the time allowed the Secretary of the Treasury, he also have authority to recommend changes in the amounts, terms, maturities, or conditions of the bonds, and to require that the corporation shall not sell the bonds until it has considered his recommendations for at least 30 days, unless the recommendations are sooner agreed upon. That, I think, is consistent with good faith between Government agencies. It would give to the Secretary of the Treasury the opportunity to point out to the board of directors of the Corporation that possibly there should be some change in the maturity, size, or conditions of the bonds.

It would insure consideration by the board of directors of the corporation of the recommendations of the Secretary.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. CASE of South Dakota. I yield myself 1 additional minute.

As the Senator from Tennessee [Mr. KEFAUVER] has just pointed out, for the next several years the members of the board of directors will all be appointees of the present President of the United States. They are appointed for terms of 9 years. I am sure that if the Secretary makes recommendations to them, and they are required to consider them for 30 days, good faith will insure an honest consideration of such recommendations.

Mr. KERR. Mr. President, I wish to thank the Senator from South Dakota for what he has just said. As I understand, if the Saltonstall amendment is defeated, it is the purpose of the Senator from South Dakota to offer the amendment to which he has referred, providing further cooperative programs between the Authority and the Secretary of the Treasury.

Mr. CASE of South Dakota. That is true.

Mr. KERR. I wish to thank the Senator for what he has said; and I seek the privilege of joining him in sponsoring the proposed amendment.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield an additional 3 minutes to the Senator from South Dakota on the bill, in order that he may answer questions.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. KEFAUVER. I ask the Senator if it is not true that for many days and weeks he and other Members of the House of Representatives at that time held hearings on and considered, and wrote the Government Corporation Control Act?

Mr. CASE of South Dakota. The Senator is correct.

Mr. KEFAUVER. Does not the Senator believe that before the act is changed those affected in the valley, and the officials of the agency, should have an opportunity to be heard?

Mr. CASE of South Dakota. I think there is something to that point. The Government Corporation Control Act was certainly the result of many days of hearings.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. THYE. The amendment of the Senator from Massachusetts proposes to afford the Budget Bureau an opportunity to make a study of any proposed expansion which may take place within a period of 5 years, relating to the $750 million which is proposed for overall general expansion within the area now being served by the TVA. Is my understanding correct?

Mr. CASE of South Dakota. That is one part of the Saltonstall amendment.

Mr. THYE. Is my understanding correct as to that phase of the amendment?

Mr. CASE of South Dakota. I think so.

Mr. THYE. Is it not true that the Budget Bureau would have no authority beyond the new money to be authorized, within the proposal providing for $750 million?

Mr. CASE of South Dakota. The Budget Bureau already has authority with respect to any appropriations which may be made for administrative funds or other activities of the Tennessee Valley Authority; and such authority would not be impaired by the bill.

Mr. THYE. Let me ask one further question, in order to make certain that I understand the amendment very clearly. As I understand, there is no departure from the present administrative function of TVA. The only question involved is relative to the $750 million of new money for an expansion of generating facilities within the area now being served by TVA.

Mr. KERR. Mr. President, I yield an additional minute to the Senator from South Dakota in order that he may yield to me for a question.

Mr. CASE of South Dakota. Mr. President, has all my time expired?

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. CASE of South Dakota. Mr. President, I yield myself an additional 2 minutes.

Let me say to the Senator from Minnesota that I would hesitate to take the responsibility of delineating everything comprehended by the amendment of the Senator from Massachusetts. I would rather have him define the limits of his amendment.

Mr. THYE. Mr. President, if the Senator will permit me, I should like to say that I was at a meeting of the Committee on Appropriations, and I did not hear all the discussion of the amendment, and therefore I was endeavoring to make certain that I understood it.

Mr. CASE of South Dakota. I should like to help the Senator, but I also want to be fair to the Senator from Massachusetts. I would prefer to have him define his own amendment in that respect. Mr. President, I yield back the remainder of my time, and withdraw my amendment to the Saltonstall amendment.

Mr. KNOWLAND. Mr. President, I yield myself 1 minute on the bill, to address a question to the Senator from Massachusetts. Apropos the Senator's amendment, on lines 4 and 5, where it is provided "as may be approved by the Congress," I wonder whether the Senator would be agreeable to add, after the word "Congress," the words "by concurrent resolution."

Mr. SALTONSTALL. I shall be glad to modify my amendment by adding in line 5 of my amendment, after the word "Congress," the words "by concurrent resolution." That is the only modification I make in my amendment. I make it because it clarifies how Congress shall act in connection with the requirements of my amendment.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the amendment, so that all Senators may be on notice.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. PASTORE in the chair). The Senator will state it.

Mr. GOLDWATER. Is a motion to recommit in order at this time?

The PRESIDING OFFICER. Such a motion is in order.

Mr. GOLDWATER. I move that S. 1869 be recommitted to the Committee on Public Works.

A further parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. Does the time for discussion of my motion come under the limitation of debate now in effect? Am I limited to a half hour?

The PRESIDING OFFICER. The Senator has 30 minutes.

Mr. GOLDWATER. Mr. President, I am unalterably opposed to S. 1869 for several reasons. In the first place, the fiscal responsibility and integrity of the United States is vested in the Congress. It owes a solemn obligation to the people of this country to maintain firm and rigid control over expenditures and obligations of any branch of the Federal Government, any agencies, authorities, or other Federal corporate entities created by the Congress.

If we are to establish the precedent of permitting corporate structures of the Federal Government to issue revenue bonds to finance and expand either normal governmental functions or proprietary business undertakings, then we of the Congress are dodging our obligation of maintaining control over fiscal responsibilities of the Federal Government. For this reason I am against granting authority to any Federal entity to issue any kind of revenue bonds. If we are to create these Federal agencies, authorities, or other types of Federal corporate structures, then we should be willing to appropriate the funds to carry out the activities of the entity so created.

I have an idea that the reason some of my colleagues are so interested in this revenue-bond idea for TVA is so that they can tell their constituents that they have gotten this large Federal power monopoly off their taxpaying backs. But if this thing goes through, what is the next step? The next thing we will face is revenue bonds for Bonneville, the Southwest, the Southeast Power Administrations the Missouri River development, and then it will be easy to carry over into other operations of the Federal Government. So we, the Congress, will set up Government operation after operation edging more and more into the proprietary business field, simply because we do not have to appropriate collected tax funds to carry out these socialistic activities.

Mr. President, if I am willing to authorize these Federal activities, I am going to be willing to face the issue of appropriating funds for their operation. We are told that the revenue bonds are not obligations of the Federal Government—that they are outside the Federal budget—but the proponents of the bills in both the House and Senate have admitted that they are moral obligations of the Federal Government, and that the Government could not permit them to go into default. If that is true—and I believe it is—what else are such bonds but a Federal obligation? It is just another budget outside the present budget—a dual budget concept which the Congress has wisely decided against on numerous occasions.

Mr. President, even if it were desirable to permit TVA or other agencies of the Federal Government to issue revenue bonds, the pending bill, S. 1869, should never be passed. I am not censuring the proponents of TVA for wanting this type of legislation. I think any of us, if we were running a business, whether

it be public or private, would like to have a free rein to do just what we want to do when we want to do it. Well, that is just what TVA has in this bill if the Congress passes it.

When TVA revenue bonds were first seriously suggested the TVA people drafted some legislation along the lines they desired. The Budget Bureau looked over their proposal and made some 22 suggested changes. The Treasury Department and the Comptroller General suggested several very fundamental changes in the bill which TVA drafted. Mr. President, so far as I can see, the bill before us has recognized none of those suggestions. Oh, I know the Budget Bureau, in 1955, suggested a limitation of $750 million of outstanding bonds, but in 1957 it suggested a limitation of $200 million. The present bill would appear to have followed the Budget Bureau's first suggestion, but as I will show later the limitation is meaningless.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. JENNER. Mr. President, will the Senator yield for the purpose of asking for the yeas and nays on his motion?

Mr. GOLDWATER. I yield for that purpose.

Mr. JENNER. Mr. President, I ask for the yeas and nays on the motion of the Senator from Arizona.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, the pending bill allows TVA to go merrily along its way building what it wants to, where it wants to, expanding its territory, increasing the national debt, while thumbing its nose at the Congress and executive departments. It would have a freedom of action never before granted to any Federal agency.

Although I am against permitting any Federal agency to issue revenue bonds, I considered preparing some amendments to this bill that would give the Congress and the Executive some control over this agency, but after studying the bill further I came to the conclusion that it was too defective to even start amending. There is only one thing to do with something like this, Mr. President, and that is send it back to committee.

I may say, in view of what has transpired on the floor of the Senate this morning, where we saw a sensible, workable amendment torn to shreds on the floor, and attempts made to amend the bill so that it would be workable, and after listening to three different suggestions which have already been accepted, I can think of no bill that has been before the Senate this year which is more in need of further consideration by the committee than is the pending bill.

Let us have a look at some of the things this TVA revenue bond bill would do, Mr. President.

Under present law TVA is supposed to reimburse the Treasury within 40 years for appropriated funds that have been invested in power facilities. The bill would repeal that provision of law. The taxpayers need never be repaid their investment in TVA under the bill. The power revenues would be pledged for payment of interest and principal on revenue bonds and whatever was left over could be used for construction of new power facilities. The TVA people have long boasted that all the money invested in power would be repaid so that the taxpayers would not be out anything; in fact, in the early days, a Board member in testifying before congressional committees, said that all of the power investment would be repaid, with interest, in 25 years. Now then, when it is suggested that any change in legislation that would permit TVA to issue revenue bonds should contain a provision requiring payment of the people's investment in TVA, we are told that the present Federal investment is the people's equity in their power company; that any money returned to the Treasury would be the same as a payment of dividends; that since TVA belongs to the people there is no reason for return of capital. Mr. President, the people's investment in TVA is an involuntary one. They cannot go out and sell their equity in it as they can in a voluntary investment. Since under the bill a dividend can be postponed for 2 years, this legislation does not assure any dividend. All it assures is that TVA will keep spending the people's money expanding TVA, and the only ones who benefit from that are the power consumers—industries and individuals—in the TVA area.

The bill puts a limitation of $750 million on revenue bonds outstanding at any one time, but that has little meaning. In the first place, any limitation which Congress puts on, it can take off. We have no difficulty in remembering when the limit on the national debt was a great deal less than it is now. But aside from that, the bond limitation is no limitation on the financial obligations that TVA can assume. Bond proceeds can be used to enter into lease-purchase agreements under which TVA could assume obligations for payment of facilities costing far in excess of $750 million. If the bond limit was being crowded, TVA could get others—municipalities, cooperatives, or individuals—to construct facilities and lease them to TVA on a long-term lease-purchase agreement whereby TVA would guarantee interest and amortization costs, maintain and operate the facilities, and then take them over after they had been paid for. But such an arrangement would obligate an agency of the Federal Government and therefore the Federal Government itself. Furthermore there would be no limitation on or control over the amount for which this agency could obligate the Government.

Mr. President, the legislation as proposed by TVA would require the Treasury to purchase its bonds. That direct purchase provision has been dropped in the pending bill, but another provision has been added making these bonds a lawful investment of any fiduciary, trust, or public fund administered by any officer or agency of the Federal Government. So by purchase for public trust funds the Government can still buy the TVA bonds.

TVA proponents talk about testing the private money market, competing with private industry on the private money market, and so forth. Well, it will not have to. If they do not like the going interest rates on the private market, they just sell their bonds to some trust administered by the Government.

Another thing that strikes me as rather peculiar, Mr. President, is this question of area limitation. The TVA people say that they do not want to expand the TVA service area; but, every time there was any serious suggestion of inserting in the bill any restriction as to area, there was a squawk that could be heard all the way to Tennessee. If they have no intention of expanding their service area, why do they object to having limitations spelled out in the law? The provisions in the pending bill certainly do not limit them. They can expand north, south, east, and west to more than double their present area. The bill does away with the little restriction they have under present law, which is largely control through appropriations.

There would be nothing in this bill to keep them from going to what they considered economic transmission distance with power generated at facilities built by appropriated funds. They could use bond proceeds to build facilities to serve present load, and raid territory for hundreds of miles with power generated by present facilities. Furthermore, they could encourage establishment of transmission cooperatives in contiguous counties, and these co-ops could transmit TVA power for hundreds of miles.

The bill also permits TVA to supply electricity to any area where its power was used on July 1, 1957. Because of interchange agreements with companies, TVA power may have been used at considerable distance from its so-called operating area on July 1, 1957. This might permit TVA to expand for hundreds of miles in all directions. I know this may sound farfetched, and the idea will be pooh-poohed by the proponents of the bill, but we have seen TVA officials make some very strained interpretations of present laws in order to justify what they wanted to do; so there is no telling what they could do with a law as poorly drawn as this one. It will be noticed they are using power revenues to install hundreds of thousands of kilowatts of new generating capacity, although many of us think the law says they cannot, and the sentiment of Congress has been that they should not. Their general counsel says they can; so they go right along.

I have absolutely no confidence in the TVA's statement that they have no thought of expanding or desire to expand their operating area, otherwise they would have no objection to an area limitation clause in the law. I said once before and I repeat that TVA was conceived in socialism, born during a period of economic chaos, and has been nurtured and expanded in deceit, and I have not changed my mind a bit about that. Personally I am not sure that we could draw legislation so tight they could not find some loophole to creep through, and I am dead certain we cannot do it here on the floor of the Senate. The only way we can keep that agency under control is through the power of appropriations.

Mr. President, under the bill the Bureau of the Budget would have very little, if any, control over TVA. TVA would run its own Federal budget outside the present budget. The Treasury will have virtually no control over it. TVA would tell the Treasury that it intended to float some bonds and if the Secretary of the Treasury, within 15 days, asked them to hold up the sale, they would have to defer sale up to 45 days, and then could go ahead irrespective of the effect it might have on what the Treasury planned. Presidential and Congressional control would be ineffective. Before proceeding with construction of new power producing facilities, TVA would notify the President and Congress of its plans, and unless legislation was enacted after 60 days of a single session of Congress disapproving such construction, TVA would proceed. If Congress denied TVA the right to proceed and the President vetoed the act, it would take a two-thirds majority of both Houses to override the veto, so what control does Congress have left?

The bill does not require Federal Power Commission approval of TVA rates, so TVA will be the sole judge of what it wants to charge for power. If it wants to unbalance its rates in favor of municipals and rural cooperatives over Federal installations, as it apparently is doing now, there will be nothing to prevent it. If it does not charge enough for power to pay the Government any dividends, who is to tell them to increase the rates? No organization should be left so free of all controls.

Another thing, Mr. President, and this is most important: If legislation is enacted permitting TVA to issue revenue bonds to finance future expansion, then Congress will have recognized in TVA a complete utility responsibility for an area from now on. This is something Congress has not done for any area heretofore, and it is a very unwise step for Congress to take.

Mr. President, I recognize TVA as an accomplished fact, and I am not advocating selling it to private industry, but I am also not foregoing all semblance of local responsibility.

In this respect, I suggest to the States which are located within the confines of the area of the Tennessee Valley Authority that they consider taking this project over themselves, and that the people of those States finance the project.

I can assure the people of the TVA area that the people of Arizona are not interested one whit in supplying the hundreds of million of dollars necessary for the expansion of the TVA area through cheap electricty, electricity made cheap by the absence of the costs which are absorbed by established private enterprise.

The providing of an an electric power supply is primarily a local responsibility. Eighty percent of the people of this country provide their own power supply and pay taxes on it—Federal, State, and local. The mere fact that the Federal Government for some reason—such as flood control, navigation, or irrigation—has made a supply of power available to an area, should in no way obligate the Government to furnish the entire requirements of that area in perpetuity.

In my own State of Arizona the Government developed a source of cheap power through the construction of the Roosevelt—and that is Theodore Roosevelt—Hoover, Davis, and Parker Dams. We are glad to have that power and are using it, but when we needed more power we did not sit down and wait for the Government to supply it. The Salt River project built additional power dams and financed them on the private money market without Federal assistance. And when still additional power was required both the private utilities and the Salt River project constructed steam plants without Federal assistance. We who are fortunate enough to have economical hydroelectric sites in our States, whether developed by governmental agencies or private industry, should be grateful. But simply because the Government develops one or more of these sites we should not dodge our local responsibility and sit back and cry for the Government to hold our hand from then on.

Right now we should say to the people of the TVA area: "The Government has given you a very good start in the power business; it has been subsidizing your power bills for many years to the extent that you have enjoyed some of the most favorable power rates in the Nation. The Government is through obligating the rest of the people of the United States for any more power facilities in the TVA area. We will continue to operate and maintain the facilities the Government now owns, and will supply you with whatever power the Government does not need for its own use, but the responsibility for any additional power is yours."

The city of Memphis started a move in the right direction. It is constructing its own steam plant. There is no reason why others cannot do the same thing. Although the State of Tennessee has not prospered as well as most of its neighboring States, even after the Federal Government spending billions of dollars in the State on development of TVA and atomic energy, still the people are not destitute. They are still able to finance their own additional requirements of electric power. The answer is the TVA proponents do not want to. They want the rest of the country to do the job for them. They have received a big Federal subsidy on their power bills for many years, and they hate to give it up. This is just another example of what we run into when the Government starts doing things for the people that the people should be doing for themselves. There seems to be no end to it. The biggest mistake we made was in Government construction of the first TVA steam plant. But because that mistake was made and was repeated many times since, is no reason to continue making the same mistake.

National defense, firming up hydroelectric power, and many other excuses I can think of have been advanced to project TVA further and further into the electric power business at a cost to the taxpayers from the other 47 States. But there was no valid reason for it. Power for atomic energy and other defense activities can be and is being supplied by private industry on the periphery of TVA and at approximately the same cost as power supplied by TVA. And, if taxes paid by the private companies are considered, the cost of the private power is a great deal cheaper. TVA was a power shortage area in 1941 so it did not have a great surplus of power for war production. The power producing facilities had to be built by TVA to take care of the war industries. Those facilities could just as well have been built by others at other locations. The World War II effort was an excuse and not a reason for expanding TVA. The same is true of the Korean war effort and the cold war period that has followed.

Mr. President, on the question of firming up TVA hydro, the record is replete with statements of our colleagues about firming up this power. When steam plants were wanted it was to firm up the hydro. Senators would ask on the floor, "Is this steam plant for firming up the hydro?" Others have stated, "I would not vote for steam plants for TVA except to firm up the hydro." "Firm up" seemed to be the magic word—and TVA advocates played it to a fare-you-well, and it worked to where TVA is now primarily a steam power system with hydropower carrying the peaks.

Anyone who studies the question knows, Mr. President, that hydro power is firm in its own right. The only time when it is not firm is when it is improperly used. In other words, if a hydro plant is designed to produce firm power at a 30-percent load factor—which means to average operating at full capacity 30 percent of the time—and if an attempt is made to operate it at a 45-percent load factor, there will be years when it will run out of water and, therefore, will run out of power. If the operators are overoptimistic and sell more power, as firm power, than they can produce, they will run short. If they have guaranteed to deliver the power they have oversold, they have to rustle up some power from another source in order to make up the deficit. But the other power is not firming up the hydro power; it is just supplying kilowatt-hours of power when there is insufficient water to produce them. Of course, as streamflows vary from year to year, there are years during which more power can be produced than in others; but this additional power is secondary and dump and it is not made firm with steam-generated power. The steam-generated power is firm, but the surplus hydro power that is available only during certain years is not firm, and the steam-generated power does not make it so.

The TVA power system got its start as a byproduct of navigation and flood control. It was expanded with war efforts and firming up as an excuse. Now it is the largest power monopoly—and it is truly a monopoly—in the country, financed entirely by public funds; and here we have before us proposed legislation asking us to free it entirely from Congressional and executive control.

TVA has been a "sacred cow" for so many years that its supporters seem to think that what they want they should get and that other sections of the country or other agencies of government have no right to have their views on TVA matters considered. When they want more money for expansion, or when it is suggested that TVA should pay interest or taxes or pay back to the people of this country some of the money they have invested in it, we are told that TVA belongs to all the people. But when people from other sections, whose money is invested in it, offer some suggestions for the people's control over it, how are those suggestions received? Let me give you an example, Mr. President.

I read some of the hearings before the Senate committee. One of the witnesses who is vitally concerned with TVA future expansion, because he operates an electric-utility company near TVA, received rather peculiar treatment when he appeared before the committee. I shall not take the time of the Senate to discuss this particular hearing, but all Members of the Senate should read it. It occurred on June 6, 1957. After treatment which I think was altogether uncalled for, one of the Senators finally told the witness that he could proceed with his statement, but said: "I will try not to hear the rest of it."

I am afraid that is the general attitude of TVA and its proponents, Mr. President. They say go ahead, make whatever suggestions you want to, but we will try not to listen to you; all you have to do is foot the bill.

Mr. President, I have heard this proposed legislation referred to as a compromise bill. I should like to know what was comprised in it. Consider the original bill drafted by TVA, and compare it with this one; try to find any compromise. Oh, there are some changes in the language, and here and there one finds a little "sop" which might lead a casual reader to think that the TVA had accepted some compromise from its original bill. But on careful examination we find that, in substance, there has been no compromise at all. The TVA is getting everything it wanted in the first place; and the people, the owners, are losing what control they had over it, including a chance to get some of their money out of it.

This is serious proposed legislation, Mr. President. Even if the question of issuing revenue bonds were noncontroversial—although, so far as I am concerned, it is highly controversial—we should not pass a bill so poorly drawn as this one is. The only thing for us to do, in my opinion, is send it back to committee to be restudied and redrawn. That is the purpose of my motion.

Mr. CHAVEZ. Mr. President——.

The PRESIDING OFFICER (Mr. PASTORE in the chair). The Senator from Arizona [Mr. GOLDWATER] has 5 minutes remaining on his side of the motion.

Mr. GORE. Mr. President, I yield 3 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 3 minutes.

Mr. CHAVEZ. Mr. President, Senate bill 1869, as reported by the Committee on Public Works, would authorize the Tennessee Valley Authority to issue and sell revenue bonds in an aggregate amount not to exceed $750 million outstanding at any one time, to assist in financing its power program.

The bill also outlines the method of issuing the bonds, the use of the proceeds from their sale, and provides for certain Congressional control of the TVA operations. It provides the TVA Board with the necessary administrative authority and flexibility to aid it in carrying out the purposes of the TVA Act.

The Tennessee Valley Authority was established in 1933, and charged with the responsibility for development of the resources of the Tennessee Valley area. Beyond any question, it has done an admirable job. Reservoirs have been constructed on the main stream and tributaries of the Tennessee River for flood control, navigation, development of hydroelectric power, and other purposes. It has forwarded the development of the natural resources of the region—waters, soils, forests, and minerals.

The multiple-purpose dams constructed and operated by TVA adequately serve the three major purposes for which intended: flood control, navigation, and production of power. Floods in the basin have been practically eliminated. A 9-foot navigation channel has been provided, and is being maintained from the mouth of the river to Knoxville, Tenn., a distance of 650 miles. During 1956, approximately 12 million tons of traffic moved on this waterway, saving approximately $20 million in transportation costs. The installed hydro-electric generating capacity amounts to more than 3 million kilowatts, and the present steam-generated capacity is approximately 7 million kilowatts.

The TVA has maintained and operated the Muscle Shoals plant and laboratories for experimentation, development, and the manufacture of improved fertilizer products and munitions. Various activities relating to agricultural, forestry, and industrial development have been carried on.

We know that electric-power development is the only activity of the TVA that produces income in a commercial sense. Its other activities—flood control; navigation; fertilizer and munitions research; experimental fertilizer production; agricultural, forest, fish and wildlife, and malaria control; and recreational development—are not expected to yield returns in money; but, rather, their returns are in terms of improved resources, better living, more economic activity, public security, and generally improved well-being of the residents of the area.

During World War II, and again at the start of the Korean conflict, the power demands for production of aluminum, chemicals, and other war materials, from additional atomic-energy and other national defense facilities, increased manifold. The TVA provided a means to expand its facilities quickly and efficiently, in order to supply an abundant amount of electric power to meet the defense needs.

The TVA is the sole supplier of power for an area of 80,000 square miles in which 5 million pepole live and work. The remaining hydroelectric power potential in the region is small, when compared to the growing power needs of the area. The TVA must obviously build new steam plants in order to meet the tremendously increased demands for electric power, not only for the homes, farms, businesses, and industrial plants, but also for the national defense installations in the area.

In the past the TVA has obtained most of its funds through congressional appropriations. There has been a large amount of criticism of this procedure. The proposal that the TVA issue revenue bonds to finance additional power facilities has been before the Committee on Public Works for almost 3 years. This is not a new method of obtaining funds for the TVA. Congress has previously authorized it to issue revenue bonds. All the bonds previously issued and sold have been retired; and, in addition, a large part of the appropriation investment in the TVA power facilities has been returned to the Treasury.

The PRESIDING OFFICER. The 3 minutes yielded to the Senator from New Mexico have expired.

Mr. CHAVEZ. Mr. President, I should like to ask for some additional time.

Mr. GORE. Mr. President, I yield 2 additional minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 2 additional minutes.

Mr. CHAVEZ. I thank the Senator from Tennessee.

Mr. President, during the consideration of the bond-financing proposal, several features caused considerable discussion. These were: A ceiling limitation on the amount of bonds that the TVA would be permitted to issue; a limitation on the geographical expansion of the TVA service area; and a provision regarding the timing of issuance of the bonds. The Committee has amended the bill in such a way as to take care of these questions.

The TVA Act provides that preference in the sale of electric energy shall be given to public bodies and cooperatives, and establishes the objective that the TVA projects shall be considered primarily for the benefit of the people of the section as a whole, and particularly the domestic and rural consumers to whom the power can economically be made available.

The TVA has carried out these objectives well. The percentage of electrified farms has increased from 4 percent, in 1933, to 95 percent, at the present time, and their use of power is increasing. Such use will continue to increase as farm production increases, and the increased trend in manufacturing in the basin continues. Federal defense agencies in the basin now use about 58 percent of the TVA power output. If the region is to continue to grow and contribute more fully to the national productive strength, new supplies of electric power are absolutely essential.

TVA power is sold at wholesale rates, and reaches the consumers through the

distribution systems of 149 municipal and rural electric cooperative associations and 2 small private companies. The average residential use of electricity in the TVA area is double the national average, at about one-half the cost.

We who reside in areas removed from the TVA area view the major accomplishments of the TVA as its contribution to the REA's, the increase in private enterprise and small business in the area, and the improvement in economic and living conditions. Electrification of farms has increased the use of electrical equipment, washing machines, refrigerators, and electric pumps, increasing efficiency on the farms and relieving the drudgery of the housewives.

We realize that for the next few years TVA will have a struggle supplying the power needs of their present service area. We are not worried about TVA trying to expand or to increase that service area. However, we do not believe that a small town, or an REA in the area bordering on the present TVA service area, or the Tennessee River drainage area, should be precluded from obtaining TVA power if they so desire.

The TVA is now a reality. It belongs to the Federal Government and will continue to be Federal property. The revenue it produces will continue to go into the Federal Treasury or to be reinvested in TVA plant. The power facilities constructed with proceeds from revenue bonds and paid for by the power consumers will be the property of the Federal Government.

The Committee on Public Works believes that the bill provides a fair and workable solution for financing the future power needs of the Tennessee Valley area. The provisions of the bill are fully discussed in the committee report. I urge immediate passage of Senate bill 1869.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). The question is on agreeing to the motion to recommit made by the Senator from Arizona.

Does the Senator yield back the time remaining to him?

Mr. GORE. First I should like to yield 5 minutes to the senior Senator from Vermont.

Mr. AIKEN. Mr. President, I am very much interested in the effort to find a solution to the problems of the Tennessee Valley Authority. I realize that there are several different viewpoints which may be taken of those problems, but I am concerned about one provision of the bill whereby the Tennessee Valley Authority is required to notify the Congress of any extensive operations, and then not to proceed to such operations within "60 days of a single session of Congress."

It seems to me that the limitation of within "60 days of a single session of Congress" is a very short time within which the Congress could express its approval or disapproval of the contemplated project or development. I am wondering if the sponsors of the bill would be willing to reword the proposal so that such a project or development could not be undertaken within a period of 90 days while Congress is in session. That would certainly give the Congress ample opportunity to examine the proposal and to decide whether it would approve or disapprove it.

I realize that legislation providing for disapproval might not be completed within the 90-day period, but I also feel certain that if the TVA felt the Congress was likely to disapprove the project, it would not proceed with it until Congress had had an opportunity to complete its examination and makes its decision. I would also ask if the sponsors would not agree to congressional action by concurrent resolution rather than by straight legislation.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. COTTON. I have an amendment which, if agreed to, would strike out the time limitation, and it looks as if the amendment may be agreed to by at least some of the proponents of the bill.

Mr. GORE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. GORE. The Senator from Vermont has made a very valid point. So has the Senator from New Hampshire.

In considering the time limit, the committee considered the problem of construction weather. Let us assume the President's budget comes to the Congress about the first of February. Some persons suggested a period of 6 months. Six months from the first of February before such a project could become operative would almost be tantamount to an additional year, because the project could not get under way until the construction period of the year had largely passed. So we decided on a period of 60 days. But I will take the responsibility, speaking for the committee, to say that in the event the provision is not modified by the amendment of the Senator from New Hampshire, the committee will accept the amendment suggested by the senior Senator from Vermont.

The PRESIDING OFFICER. The 5 minutes of the Senator from Vermont have expired.

Mr. GORE. Mr. President, I yield the Senator 1 additional minute.

The Senator from Tennessee also agrees that it would facilitate the consideration by Congress to have the matter taken care of by concurrent resolution instead of legislation.

Mr. AIKEN. I thank the Senator from Tennessee. My suggestion applied particularly to item (1), beginning in the second line on page 5. I believe the amendment referred to by the Senator from New Hampshire applies to the wording at the bottom of page 2 and at the top of page 3.

Mr. COTTON. That is correct. I misunderstood the Senator.

Mr. AIKEN. I refer to item (1) on page 5 of the bill.

Mr. GORE. The committee is prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit.

Mr. GORE. Mr. President, I suggest the absence of a quorum——

Mr. GOLDWATER. Mr. President, will the Senator withhold his request?

Mr. GORE. I withhold my request.

Mr. GOLDWATER. I should like to ask the Senator from Tennessee if he intends to use the remainder of his time.

Mr. GORE. I am prepared to yield back the remainder of my time, if the Senator from Arizona is.

Mr. GOLDWATER. I have 4 minutes remaining. I should like to use a part of that time, and I will use it now if the Senator will withdraw his request for a quorum call.

The PRESIDING OFFICER. The Chair states that there cannot be a quorum call until the time has been yielded back or used.

Mr. GOLDWATER. I will use it.

The PRESIDING OFFICER. The Senator from Arizona has 4 minutes.

Mr. GOLDWATER. I think it becomes increasingly evident, as we proceed hour by hour today on the TVA bill, that my motion to recommit is a most proper one and one that should be voted on favorably by all the Members of the Senate.

I say that for two reasons. There is utter confusion on the Senate floor over the bill at the present time. There is misunderstanding as to the area which the bill would encompass. Several amendments will be offered to the bill. There is some hint there may be an agreement on the amendments. There is certainly confusion over who is going to control the money or who should control the money. I remember that the Saltonstall amendment was offered this morning. It was torn completely apart, until it was in worse shape then than what was originally intended. Then it was put back together until it reached some respectable form. The Case amendment was offered and debated at great length, and then the author decided it was not needed.

This matter has been discussed for 2 years. We now have a bill on the floor. If Senators are confused now, then perhaps 2 years was not long enough in which to consider the bill.

I say to my Republican colleagues and to my conservative colleagues on the Democratic side, the bill proposes to do something which, in my opinion, Congress should never allow to be done. We should never give to any agency of the Federal Government the right to finance its own operations; I do not care who controls it. What is the next step? Would it not be perfectly logical to say, "Let us have the Department of the Interior sell bonds and finance its operations?"

We might say, "The Department of Health, Education, and Welfare spends a lot of money. To get that load off the taxpayers' back we will let that Department sell revenue bonds."

Someone might say, "That is stupid. The junior Senator from Arizona is talking through one of his tall cacti." But, Mr. President, it is not stupid, because when the Federal Government once starts doing those things it never stops.

The TVA should never have been started in the first place under the concept by which it is operated today. I

certainly do not want to be a party—and I do not believe any Republican or conservative Democrat wants to be a party—to turning over to an agency of the Government the right to finance its own operations and at the same time have the Federal Government retain the moral obligation for its bonds.

Mr. President, I think we have come to a pretty sad day in the United States Senate when we even consider such a move as this—when we consider turning over one of the most treasured prerogatives of the Congress, the control of the purse strings, to an agency of Government.

Mr. President, I hope every Member of this body will give serious and deep consideration to the motion I have made to recommit the bill. I believe that the Tennessee Valley Authority can operate, but I believe the Tennessee Valley Authority should be taken over by the States of the area it serves. Let those States sell the revenue bonds. Let those States be responsible morally for the bonds. Let us not say to the other 44 or 45 States, "We must pay more taxes. We must retain moral responsibility for $750 million to begin with, and the Lord only knows how much more in the years to come."

Let those who are purchasing power from the Tennessee Valley Authority sell the bonds. Let the TVA be taken over by the interested States and by the municipalities, and let them sell the power to their customers.

Mr. President, I urge my colleagues to vote in favor of recommitting the bill, and I yield back the remaining seconds of my time.

The PRESIDING OFFICER. The Senator yields back the remaining seconds of his time.

The Senator from Tennessee is recognized.

Mr. GORE. Mr. President, I yield myself 2 minutes, and then I shall yield back all remaining time.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 minutes.

Mr. GORE. Mr. President, the distinguished and able Senator from Arizona has stated that the TVA should never have been created. He now advocates that it be dismembered.

Whether the TVA should have been created it seems to me is a bit beside the question. That decision was made long before either the Senator from Arizona or I arrived in this Chamber.

President Eisenhower on 3 separate occassions, in 3 successive budgets, has recommended against the dismemberment of the TVA, and has recommended the enactment of a bill which would provide for the issuance of revenue bonds in order that the TVA could finance its own development to meet the growing needs of an area where 5 million people live.

The distinguished Senator from Arizona not only disagrees with the existence of the TVA, but he offers a motion which is diametrically opposed to the recommendaiton of President Eisenhower and diametrically opposed to the decision of a bipartisan majority of the committee which has studied the problem for 2 years, and which has brought to the floor a carefully drawn, well thought out piece of legislation.

I ask that the motion to recommit be voted down.

I yield back the remainder of my time.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator yields back the balance of his time. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	Morton
Allott	Gore	Mundt
Anderson	Green	Murray
Barrett	Hayden	Neuberger
Beall	Hickenlooper	O'Mahoney
Bennett	Hill	Pastore
Bible	Holland	Potter
Bricker	Hruska	Purtell
Bush	Humphrey	Revercomb
Butler	Ives	Russell
Byrd	Jackson	Saltonstall
Capehart	Javits	Schoeppel
Carlson	Jenner	Scott
Carroll	Johnson, Tex.	Smathers
Case, N. J.	Johnston, S. C.	Smith, Maine
Case, S. Dak.	Kefauver	Smith, N. J.
Chavez	Kerr	Sparkman
Church	Knowland	Stennis
Clark	Kuchel	Symington
Cooper	Langer	Talmadge
Cotton	Long	Thurmond
Curtis	Magnuson	Thye
Dirksen	Mansfield	Watkins
Douglas	Martin, Iowa	Wiley
Dworshak	Martin, Pa.	Williams
Eastland	McClellan	Yarborough
Ellender	McNamara	Young
Ervin	Monroney	
Flanders	Morse	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion of the Senator from Arizona [Mr. GOLDWATER] to recommit the bill. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Missouri [Mr. HENNINGS] is absent by leave of the Senate because of illness.

I further announce that if present and voting, the Senator from Missouri [Mr. HENNINGS] and the Senator from Massachusetts [Mr. KENNEDY] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Nevada [Mr. MALONE] is necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] would vote "nay."

The result was announced—yeas 22, nays 63, as follows:

YEAS—22

Allott	Carlson	Potter
Beall	Cotton	Purtell
Bennett	Dirksen	Revercomb
Bricker	Goldwater	Schoeppel
Bush	Hickenlooper	Watkins
Butler	Jenner	Williams
Byrd	Martin, Iowa	
Capehart	Martin, Pa.	

NAYS—63

Aiken	Hill	Morton
Anderson	Holland	Mundt
Barrett	Hruska	Murray
Bible	Humphrey	Neuberger
Carroll	Ives	O'Mahoney
Case, N. J.	Jackson	Pastore
Case, S. Dak.	Javits	Russell
Chavez	Johnson, Tex.	Saltonstall
Church	Johnston, S. C.	Scott
Clark	Kefauver	Smathers
Cooper	Kerr	Smith, Maine
Curtis	Knowland	Smith, N. J.
Douglas	Kuchel	Sparkman
Dworshak	Langer	Stennis
Eastland	Long	Symington
Ellender	Magnuson	Talmadge
Ervin	Mansfield	Thurmond
Flanders	McClellan	Thye
Gore	McNamara	Wiley
Green	Monroney	Yarborough
Hayden	Morse	Young

NOT VOTING—10

Bridges	Kennedy	Payne
Frear	Lausche	Robertson
Fulbright	Malone	
Hennings	Neely	

So Mr. GOLDWATER's motion to recommit was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL] as modified. All time for debate has expired. The yeas and nays have been ordered.

Mr. KNOWLAND. Mr. President, I yield 3 minutes on the bill to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I hope the amendment will be adopted. The purpose is quite simple, it is primarily an accounting amendment. In 1931 there were in existence 11 Government corporations. In 1944 the number had grown to 44. In 1945 Congress subjected all Government-owned corporations to the Government Corporation Control Act. TVA was included.

The pending bill would exempt TVA from certain provision of the Government Corporation Control Act. I hope the amendment will be agreed to. I do not believe we ought to take a step backward. The purposes which have been recommended by the President can be carried out by the TVA if we adopt the amendment. As I have said, it keeps TVA within the Government Corporation Control Act. For that reason I hope the amendment will be agreed to.

Mr. GORE. Mr. President, I yield myself 1 minute on the bill. I take the minute to read a statement made in debate earlier today by the distinguished senior Senator from Kentucky [Mr. COOPER] with respect to the Saltonstall amendment. This is what he said:

> The amendment would in great measure, if not entirely, defeat the purpose of the self-financing bill.

I have obtained the permission of the distinguished senior Senator from Ken-

tucky to quote that statement to the Senate before we take a vote on the amendment. I do not believe the Senate should adopt the amendment.

The PRESIDING OFFICER. All time for debate on the amendment has expired.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. Is the Senate about to vote on the amendment offered by the Senator from Massachusetts identified as 8–8–57—H?

The PRESIDING OFFICER. It is that amendment, as modified.

Mr. KUCHEL. Would the Chair have the modification read for the information of the Senate?

The PRESIDING OFFICER. The clerk will read the modification.

The LEGISLATIVE CLERK. On page 1, line 5, after the word "Congress," it is proposed to insert the words "by concurrent resolution."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts, as modified. The yeas and nays have been ordered. The clerk will call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask that the Senate be in order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JOHNSON of Texas. I ask that Senate aids take their seats and that the pages take their seats.

The PRESIDING OFFICER. Attachés of the Senate will please retire to the rear of the Chamber and remain silent during the rollcall.

The legislative clerk proceeded to call the roll.

Mr. TALMADGE (when his name was called). On this vote I have a pair with the Senator from Missouri [Mr. HENNINGS]. If he were present and voting he would vote "nay"; if I were permitted to vote I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Missouri [Mr. HENNINGS] is absent by leave of the Senate because of illness.

I further announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate in order to represent the Senate at the Latin American Economic Conference in Buenos Aires.

The Senator from Nevada [Mr. MALONE] is necessarily absent.

If present and voting, the Senator from Indiana [Mr. CAPEHART] and the Senator from Maine [Mr. PAYNE] would each vote "yea."

The result was announced—yeas 37, nays 46, as follows:

YEAS—37

Allott	Ervin	Potter
Barrett	Flanders	Purtell
Beall	Goldwater	Revercomb
Bennett	Hickenlooper	Saltonstall
Bricker	Holland	Schoeppel
Bush	Hruska	Smathers
Butler	Jenner	Smith, Maine
Carlson	Knowland	Smith, N. J.
Cotton	Martin, Iowa	Thye
Curtis	Martin, Pa.	Watkins
Dirksen	McClellan	Williams
Dworshak	Mundt	
Ellender	Pastore	

NAYS—46

Aiken	Hill	Morse
Anderson	Humphrey	Morton
Bible	Ives	Murray
Byrd	Jackson	Neuberger
Carroll	Javits	O'Mahoney
Case, N. J.	Johnson, Tex.	Russell
Case, S. Dak.	Johnston, S. C.	Scott
Chavez	Kefauver	Sparkman
Church	Kerr	Stennis
Clark	Kuchel	Symington
Cooper	Langer	Thurmond
Douglas	Long	Wiley
Eastland	Magnuson	Yarborough
Gore	Mansfield	Young
Green	McNamara	
Hayden	Monroney	

NOT VOTING—12

Bridges	Hennings	Neely
Capehart	Kennedy	Payne
Frear	Lausche	Robertson
Fulbright	Malone	Talmadge

So Mr. SALTONSTALL's amendment, as modified, was rejected.

Mr. GORE. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HILL. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama to lay on the table the motion of the Senator from Tennessee to reconsider.

The motion to lay on the table was agreed to.

Mr. COTTON. Mr. President, I have three amendments at the desk. I call up, first, the amendment designated "8–8–57—F," and ask that it be read.

Mr. STENNIS. Mr. President, may we have order?

Mr. LANGER. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. BIBLE in the chair). Those not having business in the Chamber at this time will please retire. The sooner order is secured, the sooner we will proceed.

The amendment offered by the Senator from New Hampshire will be stated for the information of the Senate.

The CHIEF CLERK. On page 2, line 15, after the word "bonds" it is proposed to insert the following: "or power revenues."

Mr. COTTON. Mr. President, I yield myself 3 minutes.

The first amendment I offer is in the nature of a clarifying amendment. I understand it is acceptable to the proponents of the bill.

I am quite certain that when the committee reported the bill, they did not intend, in this part of the bill, to place the revenue from the sale of bonds under any different control than the net power revenues of TVA. So this amendment simply includes the power revenue with the proceeds from the bonds in this section, and they will both be included and treated in the same way.

Mr. GORE. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

The PRESIDING OFFICER. The Senator will suspend. We will not proceed until the Senate Chamber is in order. This is a very important matter. It is impossible for one Senator to hear another. Those not having business in the Senate Chamber will please retire. We will not proceed until we have order.

The attachés of committees and staff members who are in the Chamber, but who must indulge in conversation, will do so outside the Senate Chamber.

The Senator from Tennessee may proceed.

Mr. GORE. I concur in the statement of the able Senator from New Hampshire. I have also conferred with the chairman of the subcommittee. He concurs in the understanding that it was our intent to have both the proceeds from bond sales and revenue from power operations made subject to the same limitations as provided on page 2.

I take the responsibility of accepting the amendment of the Senator from New Hampshire.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. CASE of South Dakota. The Senator from Tennessee has correctly stated the situation. I think it was clearly the intent that this provision was to cover both power revenues and the proceeds of bonds. The amendment is a clarifying amendment. It is identical with one which I proposed to offer.

Mr. GORE. Mr. President, will the Senator from New Hampshire further yield?

Mr. COTTON. I yield.

Mr. GORE. As a matter of fact, the committee report states that the intent of the provision is as stated.

Mr. COTTON. That is correct.

Mr. President, if no Senator wishes to object, or if no other Senator desires to speak to the amendment, I yield back the remainder of my time.

Mr. GORE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. COTTON].

The amendment was agreed to.

Mr. COTTON. Mr. President, I call up my amendment designated "8–8–57—G," and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 2, line 24, it is proposed to strike out the comma and insert in lieu thereof a period; and

strike out all the language after the word "plants" down to and including the word "approval" in line 7 on page 3.

Mr. COTTON. Mr. President, I yield myself 10 minutes on this amendment.

It is my understanding that the Senator from Mississippi [Mr. STENNIS] desires shortly to offer a modification or an amendment to my amendment.

It is also my understanding that the members of the committee and the proponents of the bill, or most of them, at least, are willing to agree to the adoption of the amendment.

Throughout the years I practiced law, I learned the lesson that, ordinarily, if someone is willing to agree to something, it is not wise to argue about it too long, because opposition might be stirred up. However, this is a rather important amendment. I am not certain that there will be general agreement to it. In view of some of the confusion which has occurred concerning amendments today, and in view of the fact that I think it is highly necessary and urgent that the legislative history of the bill be carefully traced in the RECORD, I think it important to explain what has led up to the amendment, and exactly what it provides.

It seemed to some of us who are members of the Committee on Public Works that it was necessary to have some kind of definite territorial restriction. In fact, it semed so to the junior Senator from New Hampshire 2 years ago, in the last Congress, when we first began to consider a bill to permit the Tennessee Valley Authority to issue bonds and to operate without the need and necessity of returning to Congress every year for appropriations for the power program.

If we are to enact the proposed legislation, it seems obvious and logical that either there will have to be complete Congressional control over every acre or every square mile of the operations of the Tennessee Valley Authority, or, if we are to relinquish that control and give the TVA the opportunity to operate without the immediate supervision and control of Congress, there must be a definitely established perimeter within which its operations should take place.

On one side, it is perfectly natural and human, in a matter so complicated and so controversial as the Tennessee Valley Authority has always been, for those concerned to want to eat their cake and have it too. The Tennessee Valley Authority apparently wanted the Federal Government to put up the money and then to give the Authority the full power to sell its bonds and thus to operate its business to suit itself, without too much control by Congress. On the other hand, there were those who insisted on very complete control by Congress, which could largely defeat the purpose of the law.

For that reason, two years ago some of us sought to surround the proposal with definite territorial restrictions. It became very difficult to devise such restrictions.

The proponents of the bill—the distinguished junior Senator from Tennessee [Mr. GORE] and other members of the committee—repeatedly asserted during the committee's deliberations—both during the open hearings and during the committee's executive sessions—that the Tennessee Valley Authority did not wish to extend its operations outside the present service area; and they made the assertion, I insist, with complete sincerity. Nevertheless, they were most reluctant to agree to a territorial restriction. That, too, was logical, because, very naturally, some of the Senators from States around the perimeter of the TVA would not like to have word go forth to the people of the country that, by action of the Congress, a Chinese Wall had been constructed around the TVA, so that those who inhabit the adjacent areas could not hope at least ultimately to have the benefits and the privileges of the services of the TVA.

That brought about an impasse; and it was impossible to agree to a territorial restriction, even though—and I wish to emphasize this—the proposal did not, and does not, preclude an extension of the TVA. The question is simply how far the TVA can extend its sales of power without being required to come back to the Congress. That is all the question is.

Mr. President, I could not support the bill, and in the committee I voted against it, because under the bill that matter was wide open. But it seemed to me to be logical that a line should be drawn, and that in the area within that line the TVA should be allowed to conduct its business without coming back to the Congress.

During my service in the other body, I served for several years on the independent offices subcommittee of the Appropriations Committee; and serving there with me was my friend, the Senator from Tennessee [Mr. GORE]. Year after year the TVA had to come back to Congress, and it was necessary to go all through the difficult course of first having action taken by the House Appropriations Committee, and then having action taken by the House, and then having action taken by the Senate Appropriations Committee, and then having action taken by the Senate. So no one realizes more than I need to free these activities from some of that supervision.

Now we have the question of where the territorial restriction should be placed.

Written into the bill by the majority of the committee—although I, for one, could not vote for it—was the so-called territorial restriction, on pages 2 and 3.

Mr. President, earlier today a Senator exhibited to the Senate the map I now hold in my hand. The map is drawn to indicate the territory over which the TVA, under this bill, could expand its activities and its sale of power subject to the veto by Congress which is provided for in the bill.

As has been indicated—although all my colleagues may not be able to see readily all the details of the map—the shaded portions of the map indicate the portions of the territory within the watershed or the drainage area of the Tennessee River which is not now served by the TVA. The area marked in black indicates the parts of counties not now being served by the TVA, but which would be included because service is extended into some parts of those counties, or parts of these counties are in the watershed. The area indicated in white is the part which could be served under the provisions of the pending bill, which provides that cooperatives serving counties adjacent thereto could receive power from TVA.

Mr. President, that would mean that under the pending bill, as it now stands, without having to return to the Congress, the TVA could extend its sale of electricity into an area twice as large as its present service area. That could be done by the TVA without having to return to Congress, except insofar as it would return under the so-called veto provision.

In seeking to amend this part of the bill, question arose as to where to draw the line. Mr. President, I wish to say that my amendment is broader than I really would prefer in connection with this matter.

In the first place, let it be understood that the amendment would strike out entirely the portion of the bill on page 3 which provides for the power of veto by the Congress. In other words, the amendment seeks to provide that within a certain area the TVA can operate, so far as the sale of its electricity is concerned, without returning to the Congress. But if the TVA seeks to extend the sale of its electricity outside the area provided in the amendment, the TVA must have affirmative action taken by the Congress.

In other words, so far as one Member of the Senate is concerned, there would be none of the arrangement of notifying the Congress and then having the matter lie on the table for 30, 60, or 90 days, even though that custom developed in connection with the worthy Hoover Commission programs. As one Member, I can never view with any enthusiasm a proposal that someone may take certain action, provided he notifies the Congress, and, provided further, that the matter then lie on the table for a certain number of days. I have no enthusiasm for that arrangement, because anyone who has served in the Congress must know, I believe, in view of all the parliamentary possibilities and other possibilities, if the Congress surrenders its control over a certain matter, and permits action to be taken unless the Congress takes action to the contrary within 30, 60, or 90 days such an arrangement does not constitute very effective Congressional control.

The PRESIDING OFFICER. The time yielded by the Senator from New Hampshire to himself has expired.

Mr. COTTON. Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 5 additional minutes.

Mr. COTTON. Mr. President, I would prefer to see the TVA free within its own service area, but be required to come to the Congress if it wishes to sell electricity outside that area.

Let me point out how liberal my amendment is—in fact, more liberal than I should like to have it.

Mr. President, I have before me, and in a moment I shall ask unanimous consent to have it printed in the RECORD, a table listing the towns in Virginia, Tennessee, North Carolina, Georgia, Alabama, and Kentucky which are within the drainage basin but are not presently being served by the Tennnessee Valley Authority. Those areas are shown by the shaded portions of the map. They comprise 8,451 square miles. I ask unanimous consent to have the table printed at this point in the RECORD, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—*Area within drainage basin not presently served by TVA equals 8,500 square miles*

County and State:	*Area in square miles within drainage basin not now served by TVA*
Scott, Va.	351
Wise, Va.	313
Russell, Va.	485
Washington, Va.	407
Tazewell, Va.	357
Smyth, Va.	413
Sullivan, Tenn.	106
Grayson, Va.	34
Wythe, Va.	66
Watauga, N. C.	135
Blount, Tenn.	316
Monroe, Tenn.	172
Graham, N. C.	304
Macon, N. C.	470
Rabun, Ga.	59
Jackson, Tenn.	438
Haywood, N. C.	548
Madison, N. C.	460
Yancey, N. C.	319
Buncombe, N. C.	635
Henderson, N. C.	272
Transylvania, N. C.	307
Mitchell, N. C.	216
Cherokee, Tenn.	166
Swain, N. C.	562
Avery, N. C.	19
Gilmer, Ga.	16
Dade, Ga.	113
Blount, Ala.	47
Winston, Ala.	44
Marion, Ala.	47
Franklin, Ala.	106
McCracken, Ky.	72
Marshall, Ky.	63
Graves, Ky.	13
Total	8,451

Mr. COTTON. Mr. President, all of that area is shown as being area to which the TVA may extend the sale of its electricity, through cooperatives, without being required to come back to the Congress.

I also have before me another table, marked table II, which also relates to the map to which I have been referring. Table II shows the nonservice areas of counties now partially within the present TVA service area or the watershed of the Tennessee River. These areas are shown on the map in black. They are the nonservice areas of counties now partially served by the TVA, to which the TVA may extend its sales, if the pending amendment is adopted, without having specific Congressional authority. These counties comprise a total of 22,078 square miles. The parts of these counties now serviced by the TVA comprise a total of 8,213 square miles. The net addition would be 13,865 square miles.

Mr. President, I ask unanimous consent to have this table printed at this point in the RECORD as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE II.—*Nonservice areas of counties partially within TVA service area or watershed (14,000 square miles)*

[In square miles]

County and State	Total area	Area serviced by TVA
Avery, N. C.	250	172
Buncombe, N. C.	676	0
Henderson, N. C.	363	0
Transylvania, N. C.	366	0
Washington, Va.	584	106
Scott, Va.	544	114
Harlan, Ky.	450	36
Bell, Ky.	360	10
Whitley, Ky.	452	94
McCreary, Ky.	410	8
Metcalfe, Ky.	310	108
Barren, Ky.	486	88
Grayson, Ky.	514	14
Ohio, Ky.	602	284
Muhlenberg, Ky.	500	240
Caldwell, Ky.	360	126
Lyon, Ky.	262	168
Marshall, Ky.	340	250
Graves, Ky.	546	504
De Soto, Miss.	490	290
Tunica, Miss.	472	40
Quitman, Miss.	406	112
Tallahatchie, Miss.	656	522
Grenada, Miss.	440	92
Webster, Miss.	422	342
Attala, Miss.	742	360
Rankin, Miss.	787	166
Scott, Miss.	630	374
Newton, Miss.	580	146
Franklin, Ala.	636	386
Winston, Ala.	666	258
Calhoun, Ala.	650	52
Chattooga, Ga.	314	232
Walker, Ga.	442	406
Gilmer, Ga.	444	24
Cherokee, Tenn.	468	226
Monroe, Tenn.	640	524
Blount, Tenn.	596	242
Sevier, Tenn.	592	534
Cocke, Tenn.	426	150
Sullivan, Tenn.	434	392
Jackson, Tenn.	507	0
Russell, Va.	596	6
Wythe, Va.	473	0
Dade, Ga.	194	15
Total	22,078	8,213
Area serviced by TVA	8,213	
Net addition	13,865	

Mr. COTTON. Mr. President, the area shown in white on the map is the area which could be served under the provision of the pending bill which provides that cooperatives serving counties adjacent thereto could receive TVA power. My amendment would eliminate that area; in other words, under my amendment the TVA could not sell its power in that area, even through co-ops, without going through the presently required process of obtaining authorization through the Bureau of the Budget, through the respective Congressional committees, and through the Congress. That area comprises a net total of 36,107 square miles.

I ask unanimous consent to have this table printed at this point in the RECORD, as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE III.—*Counties contiguous to (a) service area or (b) drainage basin=36,000 square miles*

A. SERVICE AREA

County and State:	*Area in square miles*
Sumter, Ala.	974
Pickens, Ala.	876
Lamar, Ala.	586
Marion, Ala.	724
Walker, Ala.	786
Blount, Ala.	666
Etowah, Ala.	560
Cleburne, Ala.	586
Polk, Ga.	292
Floyd, Ga.	508
Bartow, Ga.	468
Cherokee, Ga.	434
Pickens, Ga.	246
Dawson, Ga.	206
Lumpkin, Ga.	284
White, Ga.	262
Habersham, Ga.	296
Rabun, Ga.	370
Macon, N. C.	500
Graham, N. C.	280
Swain, N. C.	562
Haywood, N. C.	540
Madison, N. C.	446
Larue, Ky.	268
Hardin, Ky.	470
Breckenridge, Ky.	444
Dariess, Ky.	345
McLean, Ky.	270
Crittendan, Ky.	376
McCracken, Ky.	258
Lauderdale, Miss.	718
Holmes, Miss.	760
Carroll, Miss.	638
Sunflower, Miss.	736
Hinds, Miss.	817
Jasper, Miss.	648
Yancey, N. C.	314
Mitchell, N. C.	212
McDowell, N. C.	484
Burke, N. C.	596
Caldwell, N. C.	576
Watauga, N. C.	312
Ashe, N. C.	438
Grayson, Va.	428
Smyth, Va.	466
Tazewell, Va.	546
Buchanan, Va.	524
Dickenson, Va.	366
Wise, Va.	408
Letcher, Ky.	336
Perry, Ky.	366
Leslie, Ky.	428
Knox, Ky.	386
Laurel, Ky.	454
Wayne, Ky.	474
Clinton, Ky.	208
Adair, Ky.	374
Green, Ky.	264
Hart, Ky.	416
Mississippi, Miss.	958
Peniscot, Miss.	512
New Madrid, Mo.	714
Mississippi, Mo.	440
Hopkins, Ky.	562
Livingston, Ky.	334
Bullard, Ky.	280
Madison, Miss.	764
Montgomery, Miss.	426
Leflore, Miss.	612

TABLE III.—*Counties contiguous to (a) service area or (b) drainage basin=36,000 square miles*—Continued

A. SERVICE AREA

County and State:	Area in square miles
Conhoma, Miss.	588
Smith, Miss.	582
Simpson, Miss.	554
Total	34,890

B. DRAINAGE BASIN

County and State:	Area in square miles
Harlan, Ky.	454
Letcher, Ky.	336
Dickenson, Va.	366
Buchanan, Va.	524
McDowell, W. Va.	566
Pulaski, Va.	310
Allegheny, N. C.	200
Wilkes, N. C.	200
Burke, N. C.	596
Rutherford, N. C.	548
Greenville, S. C.	783
Oconee, S. C.	673
Lamar, Ala.	586
Walker, Ala.	780
Bullard, Ky.	280
Mussac, Ill.	247
Livingston, Ky.	334
Pope, Ky.	366
Bland, Va.	382
Carroll, Va.	362
Ashe, N. C.	438
Caldwell, N. C.	576
McDowell, N. C.	484
Polk, N. C.	250
Pickens, S. C.	507
Habersham, Ga.	296
Fayette, Ala.	673
Total	12,117
Totals—A	34,890
B	12,117
	47,007
Duplications	10,900
Net addition	36,107

Mr. COTTON. Mr. President, before I yield to other Senators, I wish to make it crystal clear, for the RECORD, in order that the legislative history of this bill may clearly show it, that so far as the author of this amendment is concerned the amendment is not to be construed in any respect as promising, encouraging, or inviting the Tennessee Valley Authority to extend its sales of electricity beyond service area as of July 1, 1957. It simply establishes, and is very liberal in doing so, an ultimate perimeter beyond which TVA must not sell its electricity to anybody, including REA's, without returning to the Congress for specific authority. Distinguished Senators with whom I have served for many years, and in whom I have complete confidence, and whose sincerity I do not question for a moment, have repeatedly assured us in committee it is not the desire of TVA to do that; in fact, the Directors of TVA had resisted the extension of their power authority. I know they mean that, and no doubt that is the policy, but the need for territorial restriction is indicated by the fact that from June 1945 to June 1956, service has been extended to more than 119,470 new customers.

Mr. President, I ask unanimous consent to have incorporated in the RECORD at this point a table showing those figures.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TVA acquisitions, June 1945–June 1956

	Total number of customers, June 1956	Date of acquisition
Bristol, Tenn.	12,504	June 1945.
Bluff City, Tenn.		
Bristol, Va.	7,900	Do.
Elizabethtown, Tenn.	9,772	Do.
Hampton and Watauga, Tenn.		
Erwin, Tenn.	3,961	Do.
Embreeville and Unicoi, Tenn.		
Greenville, Tenn.	12,315	Do.
4 smaller towns.		
Johnson City, Tenn.	20,274	Do.
Jonesboro and Fairview, Tenn.		
Mountain Electric Cooperative, Mountain City, Tenn.	7,853	Do.
Roan Mountain, Tenn. and Elk Park, and Minneapolis, N. C.		
Rural sections: Carter, Johnson, and Unicoi Counties, Tenn.; Avery, Burke, McDowell and Watauga Counties, N. C.		
Franklin County Electric Cooperative, Russellville, Ala.	2,867	January 1947.
Rural sections: Colbert and Franklin Counties, Ala.		
Arab Electric Cooperative, Arab, Ala.	3,605	September 1947.
Rural sections: Cullman; Marshall and Morgan Counties, Ala.		
Morristown, Tenn.	5,412	January 1949.
Tullahoma, Tenn.	4,151	Do.
Powell Valley Electric Cooperative, Jonesville, Va.	8,462	November 1948.
Rural counties: Lee, Scott, and Wise, Va.; Claiborne, Granger, Hancock, Hawkins, and Union, Tenn.		
Tri-State Electric Cooperative, Copperhill, Tenn.	5,608	January 1949.
Blue Ridge and McCaysville, Ga.		
Rural sections: Fannin County Ga.; Cherokee County, N. C.; Polk County, Tenn.		
Cullman, Ala.	10,507	July 1949.
Hanceville, Ala.		
Rural sections: Cullman, Lawrence, Morgan, and Winston Counties, Ala.		
Oxford, Miss.	1,904	February 1952.
Rural sections: Lafayette, Marshall, Pontotoc, and Union Counties, Miss.		
Union City, Tenn.	3,324	August 1952.
Northcentral Mississippi Electric Power Association, Senatobia, Miss.	1,531	Do.
Alcoa, Tenn.	7,320	December 1955.
Total, 12 towns, 6 co-ops	119,470	

Several Senators addressed the Chair.

Mr. COTTON. The Senator from Mississippi has been on his feet for some time. I yield to him first.

Mr. STENNIS. I thank the Senator for yielding to me. I have followed carefully the explanation which the Senator from New Hampshire has given of his amendment. I think he has correctly described its application and its operations. Speaking for myself, and I think for several other Senators who are particularly interested in the bill, we are in harmony with the thought that we shall not oppose the Senator's amendment. If adopted, it will strike out and make noneligible all the white area on the map which has been distributed.

However, I have a slight modification of the amendment, or an amendment to the amendment, which I have already discussed with the Senator from New Hampshire and with other Senators, and which I should like to offer on behalf of myself and my colleague [Mr. EASTLAND]. Let me read the amendment as a part of my remarks. It is to insert in the proper place the words "or to serve existing rural electric cooperatives (as same now exist as to area) now being served in part by the Tennessee Valley Authority."

The PRESIDING OFFICER. The time of the Senator from New Hampshire has expired.

Mr. COTTON. How much time do I have left?

The PRESIDING OFFICER. The Senator from New Hampshire has 15 minutes left.

Mr. COTTON. I yield myself 5 additional minutes.

Mr. STENNIS. May I have 5 minutes?

Mr. KERR. I yield the Senator from Mississippi 5 minutes on the other side.

Mr. STENNIS. I thank the Senator. My amendment is drawn to cover one situation and apply to only one rural electric cooperative in the whole perimeter of the TVA service area. It happens to be one that covers my home county.

Two of the counties affected are within the TVA area and are being served by TVA. The other two or three counties are not. Those counties have applied from time to time to become a part of the service area. The amendment perhaps does not do anything that could not otherwise be done under the bill, but I want to make sure that the door will not be slammed in their faces. The cooperative could not later enlarge its area and have the benefit of the amendment, because the amendment provides "as same now exist as to area."

It just happens that in the same area construction of a new naval air training base has just begun. It will be a customer for electricity from some source. It is not the kind of operation that will use any great amount of electricity, but even now there are applications pending with the Navy on behalf of the power company that serves one of those counties, and on behalf of the REA. There are petitions before the Service Commission in Mississippi. Both these organizations are trying to negotiate for a contract of service.

I do not believe the amendment is really absolutely necessary, I doubt that it adds anything, but it would leave the door open. I should dislike to see legislation enacted which would exclude their rights, whatever they may be.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. COTTON. It was indicated to me that the Board of the Tennessee Valley Authority had declined to serve the naval air training base.

Mr. STENNIS. So far as the Senator from Mississippi knows, there has been

no definite decision in the matter. I have heard that a member of the Board was opposed to it. If so, I assume there would be no real contract entered into. But the matter is still uncertain, as I understand. I am giving the Senator all the facts I know about the situation. I thought I should mention them, because the factor covered by the amendment is remotely in the picture.

Mr. COTTON. Is my understanding of the Senator's suggested modification correct? First, it covers only REA co-ops already being served by the Tennessee Valley Authority——

Mr. STENNIS. In part.

Mr. COTTON. In part——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COTTON. I yield 5 minutes to myself.

It provides that only co-ops already being served by the Tennessee Valley Authority may be served without specific authority from the Congress, provided the service does not cover an area greater than that now being served?

Mr. STENNIS. The Senator is correct; it is not to exceed the area of the electric co-op as it is fixed. The express wording of the amendment is "as same now exist as to area."

Mr. COTTON. So far as the Senator from Mississippi knows, the amendment deals with only one situation, the one to which he has referred, does it not?

Mr. STENNIS. I am advised by the Tennessee Valley Authority that at one time there was a similar situation in Kentucky, and perhaps there was one somewhere else at one time, but this is the only one left.

Mr. COTTON. Would the Senator be willing to change the wording to conform with the wording of the bill, and have it read, "being served on July 1, 1957," so it would not open the door to others?

Mr. STENNIS. That would be entirely all right with the Senator from Mississippi, so long as it is made plain that the area is to include the existing area of the electric co-op as it is now and the relative area being served now by the TVA.

Mr. COTTON. Mr. President, if it is parliamentarily permissible, I shall accept the modification.

The PRESIDING OFFICER. It is permissible for the Senator to modify his amendment, and the Chair understands he is accepting the modification of the Senator from Mississippi. Is that correct?

Mr. COTTON. Yes.

I yield myself 3 more minutes, and I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, the able Senator from New Hampshire is so persuasive in his argument that even if he is talking about a situation where he thought he might be stirring up trouble, he does not run the risk he thought he might. I think the Senator not only has made his case, but with his knowledgeable observations, has made a great contribution in the development of the whole bill. As the Senator himself has said, he has served for years on the committee which deals with the Tennessee Valley Authority. Having served on the same committee, I know the questions which arise in it.

I commend the Senator from New Hampshire for his contribution to the deliberations of the committee and for offering the amendment. I think the language worked out between the Senator from New Hampshire and the Senator from Mississippi does exactly what the committee wanted to do, to say that there should be no extensions of territory beyond what now is served, except where the United States itself is a potential customer, where there is to be a connection with the TVA lines, or where a county is being served by an REA and getting a part of its power from the TVA.

What we sought to do was to provide that if an REA was served in part by the TVA today, it might be served in whole. I think there are possibly only 1 or 2 instances where the language would apply. As I understand, we are saying by the amendment, as modified, that if an REA is served today by the Tennessee Valley Authority in part, it may be served in whole.

Mr. COTTON. Served on July 1, 1957.

Mr. CASE of South Dakota. Using July 1, 1957, to define today.

In addition to that, we also say that if there is an area within the drainage basin of the Tennessee River Valley, any part of which is not served, it shall not be denied the same opportunity presently accorded to other customers or consumers within the Tennessee River drainage basin.

Mr. COTTON. It includes the drainage basin. It includes counties a part of which is being served. It includes the REA's, where a part is being served on July 1, 1957. That is all with the understanding it is permissive, but not an invitation for expansion.

Mr. CASE of South Dakota. Mr. President, in conclusion I may say I think this amendment furnishes a sensible solution to the problem. If we are to have a territorial limitation, we must draw the line somewhere. To draw the line upon the basis of the drainage basin of the Tennessee and the service area of the present customers of the Tennessee Valley Authority, makes a sensible limitation. I think the amendment agreed upon between the two Senators who have joined in presenting it will serve a useful purpose.

Mr. KEFAUVER. Mr. President, will the Senator yield to me?

Mr. COTTON. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Chair is advised the Senator has 9 minutes remaining.

Mr. COTTON. Mr. President, I yield myself 4 minutes, and I shall yield first to the Senator from North Dakota [Mr. LANGER] who has been on his feet for some time.

Mr. LANGER. Mr. President, I should like to ask if in the amendment it is provided that the county mentioned by the Senator from Mississippi [Mr. STENNIS] will be included within the area?

Mr. COTTON. That is the county in which the Senator from Mississippi lives. I am afraid the Senator from Mississippi will have to answer the question.

Mr. STENNIS. Mr. President, will the Senator repeat the question, please?

Mr. LANGER. I am curious to know whether in the amendment it is provided that the county the Senator mentioned is to be included in the area?

Mr. STENNIS. That county is in the present REA area, and is served by the TVA.

Mr. LANGER. So it will be included?

Mr. STENNIS. Yes, it will be included. It would continue, in spite of the amendment, to be included.

Mr. COTTON. Regardless of the amendment offered by the Senator from Mississippi?

Mr. STENNIS. Yes.

Mr. COTTON. And regardless of my original amendment, it would continue to be covered?

Mr. STENNIS. It would continue to be included under the bill as written, or under the Cotton amendment, or under the amendment I offered. It is not directly affected, but the two counties to the south are affected.

Mr. LANGER. The counties to the south would not be included?

Mr. STENNIS. They would not be included unless the amendment is agreed to.

Mr. COTTON. Mr. President, I now yield to the Senator from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. President, we would not want to have any Senators get a false impression about how the TVA has been operated or about the aims of the TVA. The testimony shows that throughout many years the TVA has operated on a friendly and harmonious basis with private power companies on the perimeter of its area, and there have not been any efforts by the TVA to expand into other territory. The private companies have gotten along all right with TVA.

It is not now the intention of the TVA, and it never has been, to extend into the white area shown on the map. I assure the Senator that was the testimony before the committee.

I know we who are sponsors of the bill and particular friends of the TVA have no desire to do more than make a minor adjustment, such as the Senator from Mississippi has explained, in connection with the TVA operation. I think the amendment of the Senator from New Hampshire, taken with the modification by the Senator from Mississippi, will clear the matter up. What it provides is in conformity with what all of us have had in mind, and with the intention and the practice and the purpose of the Board of Directors of the TVA itself.

Mr. COTTON. I will say to the Senator from Tennessee, as I said in my original statement, that I am completely convinced of the sincerity of Senators and of the TVA Board, and I know it is their intention and their desire to do as the Senator has stated. However, we are a Government of laws and not of men. If we are to cut loose from tight Congressional control a group so powerful as the TVA group, with all the resources it has at its disposal and with a history of continuous growth from the beginning, when it was simply a series of hydroelectric dams, until now, when

it is a vast power empire, in the interests of good legislation, the Senator from New Hampshire feels it is necessary to do this. He does not, however, at any time question the sincerity of the TVA. He does not believe they seek to extend their domain. I am happy to agree with the Senator to that extent.

Mr. KEFAUVER. I think there was some vagueness in the language, although I am sure what is to be accomplished now is what the drafters of the bill had in mind. The report on the bill stated the purpose was to make minor adjustments of the contiguous area.

Mr. COTTON. Mr. President, have I any time remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. COTTON. Mr. President, I reserve my time.

Mr. KERR. Mr. President, I should like to yield 5 minutes of the time of the other side to the Senator from New Hampshire, so that I may ask him a question or two.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

Mr. KERR. I am looking at what I believe to be a copy of the same map to which the Senator has referred.

First I wish to say I appreciate the attitude of the Senator from New Hampshire. I might even compliment him, because the Senator was one of the "moving spirits" on the committee in helping to bring about a situation where the most thorough consideration of the bill and deliberation with reference to it was achieved. The Senator was most helpful in his entire attitude. I appreciate his work, because he has been so forthright, frank, and sincere in his attitude with reference to the bill.

Mr. COTTON. I thank the Senator. I suspect he is lathering me and getting ready to shave me; but I thank him. [Laughter.]

Mr. KERR. I say to the distinguished Senator that such New England caution is a good thing to have, but it is not necessary in the relationship between the Senator from Oklahoma and the Senator from New Hampshire.

I did not agree that the bill would have carried the service of the TVA to the white area shown on the map. Since I did not, and since as I understand the Senator's amendment the effect of the amendment will be to exclude the white area, I want to say that I am happy to have the Senator offer the amendment and to have it accepted.

However, I note on the map a certain area in western North Carolina which is marked with a 3 inside of a circle. Does the Senator note that area?

Mr. COTTON. I do.

Mr. KERR. As I understand, the amendment would not exclude that area from service under the provisions of the bill.

Mr. COTTON. That is my understanding. It would not exclude any of the areas on the map, other than the white area.

Mr. KERR. The reason I wish to be especially certain as to the interpretation is that one of the great reservoirs of the Tennessee Valley development, built by the Authority, is in western North Carolina. One of the things in which the Senator from Oklahoma and others were interested was that the area in the vicinity of that great reservoir, from which so much power is taken to serve the valley, should have access to the power, and I thank the Senator for making it specific that that area would not be excluded from service under the provisions of his amendment.

The PRESIDING OFFICER. The time in opposition is under the control of the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield back all the time in opposition.

Mr. COTTON. I yield back all of my time.

The PRESIDING OFFICER. All time has been exhausted or yielded back.

The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. COTTON], as modified.

The amendment, as modified, was agreed to, as follows:

On page 2, line 24, to strike out the period and the words "or to serve rural electric cooperatives serving counties contiguous to the Tennessee River drainage basin or said power service area: *Provided*, That such proposed extensions of service shall be reported by the Corporation to the President and to the Congress and shall not be undertaken if, within sixty days of a single session of Congress after submission of such report, either House of the Congress adopts a resolution of disapproval.", and to insert "or to serve existing rural electric cooperatives (as same now exists as to area and as of July 1, 1957) now being served in part by the Tennessee Valley Authority."

Mr. COTTON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire will be stated.

The CHIEF CLERK. On page 2, line 17, after the word "corporation" it is proposed to add the words "for use."

Mr. COTTON. Mr. President, I yield myself 2 minutes.

This is merely another clarifying amendment. My attention was directed to the necessity for it by the distinguished Senator from North Carolina [Mr. ERVIN]. The bill reads——

Mr. KERR. At what point is the Senator reading from the bill?

Mr. COTTON. On page 2, line 17. The bill now reads:

It is hereby declared to be the intent of this act that the power facilities built or acquired with the proceeds of such bonds shall not be used, without prior approval by act of Congress, for the sale or delivery of power by the Corporation outside the counties which lie in whole or in part within the Tennessee River drainage basin.

And so forth. It was brought to the attention of the Senator from New Hampshire by the Senator from North Carolina that there might be a loophole which was entirely unintended by the committee, and that the language should read, "for the sale or delivery of power by the Corporation for use outside," and so forth, in order to make clear the intent.

Mr. HILL. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. HILL. I have not had an opportunity to examine the Senator's amendment closely. I hope he will not insist on it. I have no desire or disposition to do other than what is now contemplated.

Of course, the Senator realizes that TVA is a wholesale seller. The power is distributed by the local municipalities and by the REA cooperatives. The amendment might in some way affect some REA cooperative or some municipality. We have not had an opportunity to consider the amendment. I hope the Senator will not insist upon it at this time.

Mr. COTTON. Mr. President, I yield myself 3 more minutes.

The Senator from New Hampshire is very loath not to be cooperative, because distinguished Senators have been so cooperative and kind toward him.

We are leaving in the bill the provision that it shall not affect the interchange of power with other utilities, and will not prevent the interconnection of plants and units of the Tennessee Valley Authority. It seems to me that if there is anything dangerous about making it clear that the sale of power "for use" outside the area is prohibited without the approval of Congress, then the amendment which has just been adopted, and which the Senator from New Hampshire felt was highly important, might not be effective.

Mr. HILL. I do not want to see this power sold by the TVA outside this area. The power is distributed by municipalities and REA cooperatives—approximately 98 municipalities and some 53 cooperatives.

The committee considered the language of the bill pretty carefully. I hope the Senator from New Hampshire will not insist on his amendment. I do not know what might be the effect. I think the Senator, with his other amendment, now has the language in desirable form.

Mr. COTTON. But it does not mean anything if the provision can be circumvented simply by transporting power wholesale.

Mr. HILL. I am not thinking about any circumvention.

Mr. COTTON. I am sure the Senator is not.

Mr. HILL. I merely say that we have not had time to consider the Senator's amendment fully. The Senator now has the language in the form in which he described yesterday, and which he has described so eloquently on the floor of the Senate today.

Mr. COTTON. The language is not as the Senator from New Hampshire wants it, unless it prohibits the exportation of power outside the area.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. AIKEN. Would this amendment affect the sale of so-called displacement power, or the exchange of power?

Mr. COTTON. No.

Mr. AIKEN. Is that subject taken care of in the bill?

Mr. COTTON. The exchange of power and the interconnection of systems are provided for.

Mr. KERR. Mr. President, it seems to me that the language of the bill, together with the amendment of the Senator from New Hampshire, which has just been adopted, do what I think the Senator means to do. Let me see if the language does not cover the situation:

It is hereby declared to be the intent of this act that the power facilities built or acquired with the proceeds of such bonds shall not be used, without prior approval by act of Congress, for the sale or delivery of power by the Corporation outside the counties which lie in whole or in part within the Tennessee River drainage basin.

And so forth. If they cannot deliver it, they cannot use it; can they?

Mr. COTTON. Probably that is so. One of the ablest lawyers in this body stated to me that the language might be clearer if it read "sale or delivery of power by the Corporation for use outside," and so forth. I did not dream that there would be any objection to the amendment. However, if Senators are apprehensive——

The PRESIDING OFFICER. The time of the Senator from New Hampshire has expired.

Mr. KERR. Mr. President, I yield 2 additional minutes to the Senator from New Hampshire.

Mr. COTTON. If Senators are apprehensive, I shall be willing to withhold my amendment, but I will not abandon it. The fact that Senators are apprehensive disturbs me—not that I have any question of their motives; but if there is any apprehension about the words "for use," I wish to be very sure about the point.

Mr. KERR. That is not the purpose of my question. There is an apprehension within me with respect to adding language which the Senator says he did not conceive, and which he does not now know definitely is required. I may explain that the Senator from Oklahoma is not able, in this brief time on the floor, thoroughly to analyze the amendment. However, I believe that what the Senator has in mind is already covered by the language of the bill.

Mr. COTTON. It is the understanding of the Senator from New Hampshire that the intent of this amendment is to preclude the sale of power outside the area, except for the matter of interchange with utilities, and interconnection of parts and units of the TVA system. No sale of power outside the area, in any way, shape, or manner, would be permitted without the approval of Congress.

Mr. KERR. That is the way the situation is specified and determined in the language of the amendment of the Senator which has just been accepted.

Mr. COTTON. Mr. President, I now yield to the Senator from North Carolina [Mr. ERVIN].

Mr. ERVIN. Mr. President, I think the Senator from New Hampshire is correct in his position. The way the bill is now worded, despite the amendment which was offered by the Senator from New Hampshire and accepted by the Senate, the TVA would have complete authority to sell and deliver power within the TVA area, as defined by the bill, to anyone who might transmit it outside the TVA area for sale. So I think the Senator's amendment is necessary to clarify the situation.

Mr. COTTON. I thank the Senator for his contribution.

Mr. President, I yield myself 5 minutes additional.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. COTTON. I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I merely wish to say that I have looked into this matter very hurriedly, and I did so not too long ago. I thought that if it were entirely practical, perhaps the amendment could be accepted. However, I did find one situation about which I should like to tell the Senate. Some small towns are now being served by TVA, and TVA is their only source of power. They are located around the edge of the perimeter. As they grow, some of them, I am sure, will extend into an adjoining county. If the amendment in its present form is adopted, and if one of these towns should lap over into another county, which is not now within the TVA area, that town would no longer be able to obtain its power from TVA. It would be cut off from its source of power because it grew just outside the present line.

I could see that there could be abuses, and a great deal of electricity could be sold over a wide area, but the policy is certainly clear, and in any event we should take time to work out a proper amendment, if we decide steps should be taken along that line. Therefore, if that is our intention, we should take the time to prepare a proper amendment which will stop the abuses but which at the same time will permit the legitimate use of TVA power by the small towns I have in mind.

Mr. COTTON. I must say to the Senator that I sought in my explanation of the amendment to show that I had leaned over backwards and had gone much further than I had desired to go in allowing latitude in the matter of the area into which TVA could expand its sales of power without coming back to Congress. I have tried to make clear, both on the floor and in committee, my own support of the measure, and I wish it to be made perfectly clear that my amendment would not preclude the sale of power to anyone in America, provided TVA came back to Congress and asked for the authority. If a community is being subjected to illogical and unjust hardship, I cannot imagine Congress saying "no" to that community. However, we will either have a wall, or we will not have a wall. If we are not to have a wall, then the bill without this amendment but with the latitude it gives is a dangerous bill. I do not like to be stubborn about it, but it seems to me that my amendment is necessary. I have great confidence in the ability of the distinguished Senator from North Carolina [Mr. ERVIN], and he, too, feels that there is a loophole in the bill.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. CASE of New Jersey. Mr. President, I appreciate the Senator yielding to me so that I may make this point. I voted, as Senators know, against the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL]. I fully support the bill with a provision in it which would erect a wall. I would not be able to support the bill otherwise, and would have voted for the amendment offered by the Senator from Massachusetts, if the pending amendment were not to be added to the bill. I believe the wall ought to be absolute. While I thoroughly agree that if in the future hardship should exist, it should be taken care of, I think we ought not to leave the matter open in general legislation, because this is a matter which will affect relations between the utilities which are on the perimeter of the area, and their financing, and other matters. I think it is an essential amendment.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The time of the Senator has expired.

Mr. COTTON. Mr. President, I yield myself 3 more minutes. In the first place, it is my recollection that the term "for use" was contained in the earlier drafts of the bill in committee. If there is anything in the suggested amendment which is hasty or unjust or dangerous, it should be remembered that the bill must go to conference, and that there will be time in conference to test the various suggestions. I cannot withdraw the amendment. I shall have to ask for the yeas and nays on the amendment.

Mr. KERR. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. KERR. I am trying to get something clear in my mind. Let us visualize an REA cooperative which is getting its power from TVA. Let us assume, further, that it has a certain list of customers in either a single county or in a two-county area, and that the farmers in an adjoining county, but adjacent to the one which is served by the REA cooperative, desire to be served by the cooperative. Would it be the purpose of the Senator from New Hampshire to provide that the REA cooperative now using TVA power could not expand its service to customers if they lived outside that county?

Mr. COTTON. If that county is outside the perimeter which is established by the amendment, and if it is in the white portion I have indicated, I will be perfectly frank in saying to the Senator that I would insist that TVA come back to Congress to get permission to extend beyond that perimeter. The reason is, as the able Senator from Oklahoma knows—and I am sure the Senator from Oklahoma desires to be fair about this matter—during the consideration of this subject in the last Congress and in the present Congress, when we started talking about establishing a perimeter, again and again it was said, "You must not build a Chinese wall, because sooner or later somewhere, at some time or another, someone will say he is precluded, because he happens to live 5 or 3 or 2 miles outside the line."

I say if we ought to have a line, we must have the kind of line I suggest in my amendment. I have indicated the area within which the amendment would

be effective. I have extended it by thousands of square miles, into an area which is not now being served by TVA. If we are going to nibble away at that area, the whole plan falls. Therefore my answer to the Senator from Oklahoma is "Yes."

Mr. KERR. Mr. President, would the Senator temporarily withdraw his amendment? The Senator from South Dakota has amendments to offer which are noncontroversial. If the Senator were to do that, it would give me and the Senator from New Hampshire and other Senators an opportunity to sit down and contemplate the amendment, with the thought that if the amendment did what the Senator wants it to do, it would be agreeable to me, but I should like to have an opportunity to discuss it with him.

Mr. STENNIS. Mr. President, will the Senator yield one-half minute to me?

Mr. COOPER. Mr. President——

Mr. COTTON. Mr. President, I yield first to the Senator from Mississippi; then I shall yield to the Senator from Kentucky.

Mr. STENNIS. I merely wish to join in the request of the Senator from Oklahoma. The amendment of the Senator from New Hampshire could be laid aside temporarily, to see if we cannot perfect the language, because it seems to cancel out the very amendment the Senate agreed to a short time ago, which is an amendment I had asked him to adopt and he did.

Mr. COTTON. I yield now to the Senator from Kentucky.

Mr. COOPER. Mr. President, I can understand the reasoning of the Senator from New Hampshire with respect to his amendment. As I understand, he has accepted a modification which would permit the expansion of power to cooperatives in areas which such cooperatives now serve.

Mr. COTTON. The modification suggested by the Senator from Mississippi [Mr. STENNIS] was that if a cooperative was receiving power from TVA as of July 1, 1957, it could extend its service to customers within the area as served on July 1, 1957, but could not extend the service if that area grew into another area.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COTTON. I yield myself 1 additional minute. I should like to address a parliamentary inquiry to the Chair.

The PRESIDING OFFICER. The Senator will state it.

Mr. COTTON. If I withdraw my amendment at this time, as suggested by the Senator from Oklahoma and the Senator from Mississippi, may I call it up again?

The PRESIDING OFFICER. The Senator would be better advised to temporarily postpone his amendment. If his amendment were temporarily postponed, when it was called up again it would be in exactly the same position as now.

Mr. COTTON. Then, Mr. President, I am very happy, as a matter of courtesy, to request that the consideration of my amendment be temporarily postponed. However, I wish to tell my friends that I certainly shall call it up again.

The PRESIDING OFFICER. The Senator from New Hampshire asks unanimous consent that his third amendment, which has been offered by him, be temporarily postponed. Is there objection to his request? The Chair hears none, and it is so ordered.

The Chair recognizes the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. Mr. President, I offer an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 5, it is proposed to strike out lines 4 through 6, inclusive, and to insert in lieu thereof, the following:

And (2) following such notification a period of 90 days while Congress is in session elapses without the passage of a concurrent resolution disapproving such construction.

Mr. AIKEN. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER (Mr. BIBLE in the chair). Before the Senator proceeds, the Presiding Officer insists that the Senate be in order.

Mr. AIKEN. Mr. President, the amendment relates to subdivision (2) beginning in line 4, page 5. It simply provides that instead of having 60 days of a single session of Congress after a proposal to construct additional power-producing facilities has been submitted to Congress, Congress shall have 90 days, while it is in session, in which to consider the proposal.

The amendment also provides that if Congress decides to disapprove the proposal, it may do so by concurrent resolution, rather than by the enactment of legislation.

I have discussed the matter on the floor with the Senator from Tennessee and other Senators, and have been advised that it will be acceptable to the proponents of the bill.

Mr. BUSH. Mr. President, will the Senator from Vermont kindly read the substitute language once more?

Mr. AIKEN. The amendment would strike out lines 4, 5, and 6, on page 5, and substitute the following:

And (2) following such notification a period of 90 days while Congress is in session elapses without the passage of a concurrent resolution disapproving such construction.

Mr. BUSH. That does not necessarily confine the action to a Congress, such as the 85th Congress; it could go over from the 85th to the 86th Congress.

Mr. AIKEN. While Congress is in session.

Mr. BUSH. Does it mean a given session of a given Congress?

Mr. CASE of South Dakota. If the Senator will yield——

Mr. BUSH. The Senator has stricken that out.

Mr. AIKEN. It means while Congress is in session. It seems to me that Congress should have 90 days, because if a proposal came to Congress at the end of one session, and another session began in January, Congress should have 90 days.

Mr. CASE of South Dakota. If the Senator would preserve the language in line 5, he would accomplish the purpose. That language is: "of a single session." It would require the entire 90 days to be in a single session.

Mr. BUSH. If the Senator would use the language "of a single session," there would then be no question.

Mr. AIKEN. Yes; that is the purpose anyway. The purpose is to give Congress 90 days while Congress is in session, rather than 60 days of a single Congress, in which Congress can make up its mind whether to approve or disapprove a project.

It seemed to me that 60 days was too short a time, particularly if the proposal were made at a time when Congress might not be in session, or if there might be other matters which would occupy the entire 60 days. I merely thought the amendment would improve the bill.

Mr. BUSH. Do I correctly understand, then, that the amendment will be modified to make it clear that we are speaking of a given Congress and a single session of a given Congress?

The PRESIDING OFFICER. Does the Chair understand that the Senator from Vermont modifies the language of his amendment, so that there may be no misunderstanding about it?

Mr. AIKEN. Mr. President, I yield myself such time as may be necessary. I think the amendment is now in the proper language:

And (2) following such notification a period of 90 days while one Congress is in session elapses without the passage of a concurrent resolution disapproving such construction.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CASE of South Dakota. If I may respectfully make an observation, from hearing the modification read I do not know whether that accomplishes what the Senator has in mind. The Senator is letting a part of the 90 days be in one session and a part in another session. The language in the bill provided that the time was to be in a single session of Congress.

Mr. AIKEN. One Congress would be a single session of Congress.

Mr. CASE of South Dakota. One Congress has two sessions.

Mr. AIKEN. If it were the same Congress, it would not matter whether a part of the 90 days was in the first session and the other part was in the second session.

Mr. CASE of South Dakota. It would be a little tighter if all 90 days had to occur within a single session.

Mr. AIKEN. Mr. President, I will so modify the amendment, and I shall read it as modified:

And (2) following such notification a period of 90 days while Congress is in a single session elapses without the passage of a concurrent resolution disapproving such construction.

If no Senator wishes to speak to the amendment, I yield back my remaining time.

Mr. GORE. I yield back the time in opposition.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment, as

modified, offered by the Senator from Vermont [Mr. AIKEN].

The amendment, as modified, was agreed to.

Mr. CASE of South Dakota. Mr. President, I desire to offer three amendments in sequence. The first one is not printed. I send it to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 6, line 13, after the word "amounts", it is proposed to insert "and terms."

In line 18, it is proposed to strike out the period and insert:

And if the Secretary of the Treasury shall recommend changes in the amounts, terms, maturities, or conditions of the bonds, the Corporation shall not sell the bonds until an additional 30 days have been given to consideration of said recommendations, unless they have been sooner agreed upon.

Mr. CASE of South Dakota. Mr. President, I yield myself 5 minutes.

This amendment goes to the problem which was raised by the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL], which would have placed in the hands of the Secretary of the Treasury full discretion with regard to the terms, amounts, maturities, and conditions of the revenue bonds to be issued by the Tennessee Valley Authority. The amendment was not agreed to.

However, I stated during the consideration of the amendment that if it was not accepted, I would offer an amendment which would give to the Secretary of the Treasury some additional voice in the character of the bonds which would be issued. The amendment I now offer proposes to do that in this way: In the language of the bill on page 6 a proviso will be noted, starting on line 11, as follows:

Provided, That before issuing any bonds hereunder, the corporation shall advise the Secretary of the Treasury with respect to the amounts of bonds to be issued and the proposed date of the sale thereof.

In line 13, my amendment would insert the additional words "and terms."

Thus the Secretary would be advised with respect to the amounts and terms of the bonds to be issued.

Then, toward the end of the proviso, after the language which now is in the bill, there is a provision that if the Secretary, within 15 days after receiving such advice, wishes a deferral, and so requests for 45 days, the corporation shall not sell the bonds before the end of such period. Then my amendment would add the following:

And if the Secretary of the Treasury shall recommend changes in the amounts, terms, maturities, or conditions of the bonds, the Corporation shall not sell the bonds until an additional 30 days have been given to consideration of said recommendations, unless they have been sooner agreed upon.

Mr. KERR. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield to the Senator from Oklahoma.

Mr. KERR. As I understand, the words "unless sooner agreed upon" mean that if the Secretary made a recommendation and if the Board of the TVA followed it at a date prior to the end of the 30 days, that would satisfy the waiting period, and the Board could go ahead; but if they did not agree to the recommendation, they could not go ahead until the end of 30 days; but after that, they could go ahead, even though the recommendation had not been accepted or agreed to. Is that correct?

Mr. CASE of South Dakota. That is correct.

Mr. KERR. I wish to say to the Senator from South Dakota that that is the way I understood the amendment, and it was on that basis that I announced that I wished to join the Senator from South Dakota in sponsoring the amendment.

Mr. BUSH. Mr. President, will the Senator from South Dakota yield at this point?

Mr. CASE of South Dakota. In a moment.

First, Mr. President, I wish to elaborate on my answer to the Senator from Oklahoma.

First of all, I assume that there is good faith between the Government agencies and that there would be good faith between the Secretary of the Treasury and the Board of Directors of the TVA. Certainly we would have a right to expect that the three members of the TVA Board, appointed by one President, would in good faith consider the recommendations made by the Secretary of the Treasury, appointed by the same President. That would be the situation with respect to the life of this authorization, under the facts now existing.

But I included the additional 30-day provision in order to assure that there would be some time for consideration, and for negotiation, if necessary, between the Board of Directors of the TVA and the Secretary of the Treasury, so as to make it possible to work out an harmonious offering of their respective securities in whatever way the circumstances at a given time might dictate.

Now I yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, will the Senator from South Dakota read the last part of his amendment—the part in line 18, after the word "period"?

Mr. CASE of South Dakota. Yes:

and if the Secretary of the Treasury shall recomend changes in the amounts, terms, maturities, or conditions of the bonds, the Corporation shall not sell the bonds until an additional 30 days have been given to the consideration of said recommendations, unless they have been sooner agreed upon.

Mr. BUSH. That would simply give the Secretary of the Treasury a chance to explain his views on the issue to the TVA, and then the TVA could do as it pleased, after that period of time; is that correct?

Mr. CASE of South Dakota. Yes; then it could do as it pleased. But, as I have said, I provide for the additional 30 days in order to assure that there will be time for consideration and negotiation, and I assume there will be good faith in negotiation between such responsible persons as the ones who are named by the President and confirmed by the Senate of the United States.

Mr. BUSH. I thank the Senator from South Dakota. I think the amendment would be an improvement on the provisions of the bill as it stands at the present time.

The PRESIDING OFFICER. The time in opposition to the amendment of the Senator from South Dakota is in the control of the Senator from Oklahoma [Mr. KERR].

Mr. KERR. Mr. President, we yield back the remainder of the time available to us.

Mr. CASE of South Dakota, Mr. President, I yield back the remainder of the time available to me.

The PRESIDING OFFICER. All remaining time on the amendment of the Senator from South Dakota has been yielded back.

The question is on agreeing to the amendment of the Senator from South Dakota [Mr. CASE].

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. President, I desire to call up an amendment similar to the one I have had printed, which deals with the repayment of $10 million on the appropriation investment. The printed amendment is identified as "8–8–57," but I desire to offer the amendment in a slightly different form, although it is substantially the same amendment.

I send the amendment to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISATIVE CLERK. On page 8, in line 17, it is proposed to strike out the period and to insert the following:

Plus a repayment sum of not less than $10,000,000, which repayment sum shall be applied to reduction of said appropriation investment.

On page 9, in line 2, after the word "payment", it is proposed to insert "as a return on the appropriation investment."

The PRESIDING OFFICER. How much time does the Senator from South Dakota desire to yield to himself?

Mr. CASE of South Dakota. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes.

Mr. CASE of South Dakota. Mr. President, as the law now stands, the 1948 act requires that within a 10-year period the Tennessee Valley Authority shall repay to the Federal Government $348 million, in round figures. The total appropriations investment in the power facilities of the TVA—as Senators may see by referring to the table appearing on page 7 of the committee report—is $1,337,000,000, in round figures. The aim of the requirement in the 1948 act was that within 10 years there should be repaid, on that appropriation investment, an amount which would reduce that figure to substantially $1 billion.

The total of the investment of Treasury funds in the power facilities of the TVA up to June 30, 1956, was $1,337,937,934, as shown by the table. The repayment of $348 million, as provided by the 1948 act, would pay back the $337

million, plus interest. Then a flat sum of approximately $1 billion would remain.

Then the 1948 act provided that there should be a repayment of the balance in 40 years. Obviously, the repayment of a principal balance in 40 years means that there would be a repayment in each year of approximately 2½ percent of the balance, inasmuch as 40 times 2½ equals 100.

So, Mr. President, as the law stands today, the only statutory requirement for repayment by the TVA is a requirement for a reduction in the amount of $348 million, plus payments, over a period of 40 years, in an annual amount equivalent to 2½ percent of the principal balance. That law does not require any payment of interest.

The bill as reported to the Senate requires the payment of interest on the appropriation investment, such payment to be at a percentage equivalent to the average rate of interest paid by the Government on its bonds, as of any given year, and the percentage is to be figured on the amount of the appropriation investment. The payment would be in perpetuity. There have been some who have felt that it would be better for the Government if the appropriation investment were retired in time.

Therefore, the purpose of my amendment is to provide that, in addition to the payment, annually, of interest on the appropriation investment, there shall be a payment of not less than $10 million a year in reduction of the appropriation investment.

Mr. GORE. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield to the Senator from Tennessee.

Mr. GORE. I hope the Senator from South Dakota will appreciate with what reluctance those of us who represent the 5 million persons who are dependent upon the TVA for their sole supply of power accept additional requirements and burdens which under certain circumstances might threaten to impair the financial stability of that agency.

In order that I may clearly understand the purport of the amendment of the Senator from South Dakota, I should like to ask him several questions, if I may.

Mr. CASE of South Dakota. I shall be glad to yield for that purpose.

Mr. President, at this time I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for an additional 5 minutes.

Mr. GORE. If I understand the Senator's amendment correctly, the first obligation of the corporation's net power proceeds, as provided on page 8, subsection (e), would be to meet the requirements provided in the bill with respect to the retirement of bonds or bond contracts.

Mr. CASE of South Dakota. That is correct. In order to sell revenue bonds, I believe there would have to be a guaranty that earnings from the facilities would be sufficient to guarantee payments on the bonds.

Mr. GORE. The first requirement upon the TVA net power revenues, if the bill is enacted, will be to meet its obligations with respect to the payment of interest and amortization of the bonds sold.

Mr. CASE of South Dakota. Of the bond contracts.

Mr. GORE. The second requirement will be, will it not, the payment into the Treasury of the amount derived by the multiplication of the going rate of interest in any one year on all Government outstanding marketable obligations by the amount of the appropriation investment in the power properties?

Mr. CASE of South Dakota. Yes. I think the best affirmation of the facts in the Senator's inquiry is contained in the language of the bill itself, because it is very definite:

> The payment as a return on the appropriation investment in each fiscal year——

Mr. BUSH. What is the Senator reading?

Mr. CASE of South Dakota. I am reading from page 9, line 2. I am reading the language as it would read with the insertion of the language of my amendment:

> The payment as a return on the appropriation investment in each fiscal year shall be equal to the computed average interest rate payable by the Treasury upon its total marketable public obligations as of the beginning of said fiscal year applied to said appropriation investment.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. GORE. The senior Senator from Oklahoma advised the Senate yesterday that as of now the average computed interest rate is 2.8 percent. On top of that——

Mr. CASE of South Dakota. Before the Senator makes his next point, I should like to suggest that the 2.8 percent return on the appropriation investment means that the Government will get more back under the bill than it is now getting because, under the 40-year repayment plan, the Government would get only 2.5 percent.

Mr. GORE. The difference between 2.5 percent and 2.8 percent amounts to approximately $3 million a year. On top of that the Senator proposes an amendment to require the TVA to pay into the Treasury each year not less than $10 million as a payment on or as a reduction of the appropriation investment.

Mr. CASE of South Dakota. Yes. In common business dealings we would speak of it as a reduction of the capital investment or loan.

Mr. GORE. The Senator has pointed out that at the end of the current fiscal year the appropriation investment in the TVA power facilities will have been reduced to approximately $1 billion.

Mr. CASE of South Dakota. That is correct.

Mr. GORE. Therefore, the $10 million which his amendment would require would approximate 1 percent.

Mr. CASE of South Dakota. That is correct.

Mr. GORE. Which, added to the 2.8 percent which is currently in effect, would make a minimum annual requirement for the TVA to pay into the Treasury, after it meets all of its obligations with respect to the bonds which it sells under the act, of approximately 3.8 percent a year on the appropriation investment.

Mr. CASE of South Dakota. Yes; that is correct. I may say, to balance that fact, that at the present time if a dam is constructed by the Corps of Engineers, the users of power pay for the power facilities resulting, plus interest. If a dam is constructed by the Bureau of Reclamation, the power features of that dam repay the cost of the dam, plus interest. So it is intended to bring the power facilities of the TVA more closely into line with the repayment principles recognized with respect to the Army engineers and Bureau of Reclamation dams.

Mr. GORE. Will the Senator yield for another question?

Mr. CASE of South Dakota. Yes.

Mr. GORE. Then is there not a fourth requirement in the law, after all the other requirements, including those contained in the Senator's amendment if it should be adopted, that any excess revenues remaining after those obligations are met and power program needs shall be paid into the Treasury?

Mr. CASE of South Dakota. I think that requirements rests upon existing law rather than on the amendment.

Mr. GORE. Will the Senator yield further?

Mr. CASE of South Dakota. Yes.

Mr. GORE. Is there not a further requirement written into the pending bill that, within a given period, the TVA shall either pay into the Treasury, retire bonds, or invest in added facilities, an amount which is equal to the depreciation allowable on facilities?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 additional minutes.

Mr. CASE of South Dakota. To answer the question of the Senator from Tennessee, I say, "Yes," and to make the answer more specific, I should like to read the language of the bill itself, as that is the best answer. On page 10, beginning on line 3 the bill reads as follows:

> In order to protect the investment of holders of the corporation's securities and the appropriation investment as defined in subsection (e) hereof, the corporation, during each successive 5-year period beginning with the period from July 1, 1957, through June 30, 1962, shall apply net power proceeds either in reduction (directly or through payments into reserve or sinking funds) of its capital obligations, including bonds and the appropriation investment or to reinvestment in power assets, at least to the extent of the combined amount of the aggregate of the depreciation accruals and other charges representing the amortization of capital expenditures applicable to its power properties plus the net proceeds realized from any disposition of power facilities in said period.

My interpretation of that language is, to put it rather simply, that it prevents the corporation from living on its fat, so to speak. It must keep up its reserves or sinking fund or apply to improvement of its facilities an amount

equal to the depreciation, so that the money which the Government has in its appropriation investment, or so that the stake which the bondholders have in the facilities of the corporation, is not impaired.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. CASE of South Dakota. I yield.

Mr. GORE. I am very grateful for the careful consideration which the Senator from South Dakota has given to this problem. I recognize that he has accurately pointed out that in the case of certain Corps of Engineers projects the investment is repaid in a shorter period than that proposed in the amendment, and that interest is also paid on the investments.

I point out that the reclamation projects and the Corps of Engineer projects are set up on a project basis. They are not expected to use their revenues to amortize revenue bonds to provide for still additional construction of power-producing facilities.

It may be that the TVA could meet the additional requirement which the amendment proposes. Over the period of its operation the TVA has earned a net profit of approximately 4 percent.

Under present interest rate conditions the amendment which the Senator proposes, if adopted, would impose upon the TVA the requirement of paying almost 4 percent into the Treasury—3.8 percent to be exact—but that would come on top of the first obligation, which would be to meet the amortization and interest charges on the revenue bonds.

I submit to the able Senator that that would be laying the hand on a little heavily. It may be that the TVA could do it. I will be frank—I always try to deal in utter frankness—I think the TVA can do it. But it is certainly drawing the line very fine.

If the Senator will concede that the TVA could have a little leeway, in the event of a very dry year or other circumstances beyond control, it would make the provision more acceptable.

I want the Congress to exercise the maximum of control over the agency. I want the agency to operate with maximum efficiency. The industrial prospects of a great region and the economic welfare of 5 million people are wrapped up in the success of this agency. I join any Senator, with an enthusiasm equal to that anyone may have, in desiring to have the agency operate as efficiently as any business in the United States.

If the Senate shall see fit to adopt the amendment, I hope that it will at least permit some leeway for the TVA to meet this added obligation, let us say on a 5-year basis. If the Senator would permit an averaging out on a 5-year basis it would make the amendment more acceptable. This year we have had a great deal of rain. Last year was a very dry year. It will be far easier to make profits when rainfall is plentiful, with a maximum use of hydroelectric power realized, and considerably more difficult in a dry year.

Mr. CASE of South Dakota. Mr. President, I wish to make two points in my comments upon the observations of the Senator from Tennessee.

First of all, the 3.8 percent of which the Senator speaks would apply only to the appropriation investment. The 3.8 percent would not double up on capital funds provided by the bonds. The bonds would have to earn their own sinking fund and interest for retirement. The TVA would not be required to make a payment to the Government of interest on the bonds. The interest on the bonds would stand by itself, for the benefit of the bondholders.

The figure which the Senator achieves of 3.8 percent, by adding the 2.8 percent of interest to the Government to the capital return to the Government, would be applicable only to the invested appropriation money and not to the invested bond money.

With respect to taking into consideration weather conditions——

The PRESIDING OFFICER (Mr. SMATHERS in the chair). The time of the Senator has expired.

Mr. KERR. Mr. President, I yield the Senator from South Dakota an additional 5 minutes.

The PRESIDING OFFICER. The Senator from South Dakota has been yielded 5 additional minutes.

Mr. CASE of South Dakota. I invite the Senator's attention to the language on page 9, beginning with line 6:

> Payments due hereunder may be deferred for not more than 2 years when, in the judgment of the Board of Directors of the corporation, such payments cannot feasibly be made because of inadequacy of funds occasioned by drought, poor business conditions, emergency replacements, or other factors beyond the control of the corporation.

That is not a 5-year cushion, but it is a 2-year deferral which could be operative in case of adverse weather conditions, as the Senator has suggested. I believe that should provide amply for the situation.

Mr. BUSH and Mr. COTTON addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. CASE of South Dakota. I yield first to the Senator from Connecticut.

Mr. BUSH. I should like to ask the Senator from South Dakota whether it is not true that the amendment would provide something in the nature of a dividend, as if this were a private corporation, because the payment would come after the service of the bond issue, which would be a prior charge, and also after depreciation and other charges, which I believe the Senator specified are included in the bill. The payment then would be in the nature of a dividend on the investment. Is that not a fair interpretation of it?

Mr. CASE of South Dakota. The Senator from Connecticut is much better qualified than the Senator from South Dakota to define the character of returns on money invested. It is measured by an amount necessary to retire the money which the Government has invested. To that extent it would be a return of the capital fund or the money advanced.

To the extent that the facilities themselves eventually are a property of the United States, I suppose that the term "dividend" might be a more correct term.

Mr. BUSH. The Senator says this is to be measured so as to make a full return of the total appropriation investment.

Mr. CASE of South Dakota. Eventually it will accomplish that.

Mr. BUSH. Eventually. Does the Senator estimate the time involved in that process?

Mr. CASE of South Dakota. I do estimate it.

Mr. BUSH. What is the Senator's estimate.

Mr. CASE of South Dakota. Approximately 100 years.

Mr. BUSH. One hundred years. Mr. President, my observation is that 100 years is a very long time. I do not think one could fairly agree with the suggestion of my good friend, the Senator from Tennessee, that such action would put a very heavy burden on the TVA, inasmuch as the TVA still would be in a highly favored position vis-a-vis most any other supplier of power except a public-power operation. I think that the Senator's amendment certainly should be supported, as a very modest recognition of the enormous investment the Federal Government has in the TVA.

Mr. CASE of South Dakota. I appreciate the Senator's observation.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from Kentucky.

Mr. MORTON. On the point that we are doubling up and piling one cost on top of another, is it not true that the $750 million which will be derived from the sale of bonds will be used to build new facilities, which in turn will earn their way to amortize the bonds and pay interest? The $10 million per annum minimum, which the Senator from South Dakota suggests, should come from the earnings of present facilities, which have been built with appropriated funds.

Mr. CASE of South Dakota. The Senator is correct. The intention is to retire the investment in existing facilities.

Mr. MORTON. In good years the payment might be more.

Mr. CASE of South Dakota. It might be more.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. BUSH. Mr. President, will the Senator yield to me so that I may request the yeas and nays on the passage of the bill itself? The hour is getting late, and Senators may wish to be advised of that.

Mr. KERR. The Senator from South Dakota may wish to discuss his own amendment further.

Mr. BUSH. He may well wish to do so.

Mr. CASE of South Dakota. Mr. President, do I have any more time?

The PRESIDING OFFICER. The Senator from South Dakota has 13 minutes remaining.

Mr. CASE of South Dakota. Mr. President, I yield myself 3 minutes.

I yield to the senior Senator from Kentucky [Mr. COOPER].

Mr. COOPER. I should like to get the Senator's interpretation, as a member of the committee reporting the bill, of the provision in the bill regarding return to the United States Government. Does the Senator consider the return a repayment to the Government of its power investment, or a payment of interest, or a return as a kind of dividend?

Mr. CASE of South Dakota. Does the Senator mean under the present law?

Mr. COOPER. Under the terms of the pending bill.

Mr. CASE of South Dakota. The provision in the bill I would consider to relate purely to interest, because it is determined by a computation based upon the appropriation investment.

Mr. COOPER. The Senator said—and correctly—that present law requires repayment of investment funds over a period of 40 years.

Mr. CASE of South Dakota. That would be true following the completion of the $348 million payment by June 30, 1958.

Mr. COOPER. It is true that under the terms of the bill there is no absolute requirement for repayment of the power investment.

Mr. CASE of South Dakota. That is true. There would be paid in perpetuity the average annual interest rate.

Mr. COOPER. Does not the Senator think it would be appropriate, if we are referring to repayment of the investment, to permit the so-called return to be applied to the payment of power investment? Personally I should like to see an actual repayment of the money, plus interest, and I have always favored that. But if there is not to be any payment of interest, I would much prefer to see the money applied to the power investment, so that at some future time it could be said that the money which had been invested in the TVA had been repaid to the United States Government. While I will vote for the Senator's amendment, it seems to me that the proposition paying $10 million a year for 120 years is merely a kind of token payment.

Mr. CASE of South Dakota. I think the Senator is overlooking the fact that the bill itself provides for repayment on the appropriation investment.

Mr. COOPER. There is no absolute requirement for repayment.

Mr. CASE of South Dakota. Yes; there is.

Mr. COOPER. Within the discretion of the Authority.

Mr. CASE of South Dakota. No. There is an absolute requirement in the bill, as it is now written, that there shall be a payment each year of an amount equal to the computed average interest rate which the Government pays on its obligations, based upon the total of the appropriation investment.

Mr. COOPER. I am familiar with that; but the Senator said that he considers that to be a payment of interest.

Mr. CASE of South Dakota. I consider that to be interest on the appropriation investment.

Mr. COOPER. It could be a payment in perpetuity.

Mr. CASE of South Dakota. It could be a payment in perpetuity; but if we retire the appropriation investment by $10 million each year, eventually it will be liquidated.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. KUCHEL. Mr. President, will the the Senator yield to me?

Mr. CASE of South Dakota. Mr. President, I yield myself 3 additional minutes; and I yield to the Senator from California.

Mr. KUCHEL. Is it the intention of the amendment that the payment of interest which is provided for in the amended bill will be in addition to an annual payment of $10 million on principal?

Mr. CASE of South Dakota. That is correct; or, to put it the other way around, the bill provides for interest. I am providing, by my amendment, for payment on capital investment.

Mr. KUCHEL. But the provisions of the bill with respect to interest payments remain as they were fashioned in committee.

Mr. CASE of South Dakota. That is correct.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. BUSH. I asked the Senator to yield to me in order that I might ask for the yeas and nays on the final passage of the bill itself, so that Senators may be advised that there is to be a vote on final passage tonight.

Mr. KERR. I understood the Senator from South Dakota was about to ask for the yeas and nays on his own amendment.

Mr. BUSH. In that case I withdraw my request.

Mr. CASE of South Dakota. Mr. President, I suggest the absence of a quorum, following which I shall ask for the yeas and nays on my amendment.

Mr. KERR. Why not ask for the yeas and nays now?

Mr. CASE of South Dakota. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. KERR. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be not charged to either side.

The PRESIDING OFFICER. Is there objection?

Mr. GOLDWATER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KERR. Then the Senator from Oklahoma suggests the absence of a quorum and takes the time out of the time in opposition to the Case amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and that the time which has been taken in calling the quorum, the absence of which has been suggested by the Senator from Oklahoma [Mr. KERR], not be charged to the time of either side.

The PRESIDING OFFICER. Is there objection to the requests of the Senator from California? The Chair hears none, and it is so ordered. Does the Senator from Oklahoma desire the floor?

Mr. KERR. I wonder whether the Senator from South Dakota has concluded his remarks.

Mr. CASE of South Dakota. I have no desire to speak further on the amendment.

Mr. KERR. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. KERR. Mr. President, I wish to express my keen appreciation for the attitude of the Senator from South Dakota. He has worked as hard on the bill as any other Senator, in committee or on the floor, and his efforts in that regard have been productive and fruitful. I wish to express my appreciation to him.

It will be the purpose of the Senator from Oklahoma to vote for the amendment offered by the Senator from South Dakota. I do so, however, with the realization that it is placing a further and greater burden on the Tennessee Valley Authority than the committee had contemplated should be placed on it or that the Senator from Oklahoma had contemplated. In the first place, there will be the burden of amortizing the $750 million worth of bonds issued; and the interest rate on the bonds, in my judgment, will be the highest at which a similar issue of bonds will have been financed in 25 years. The interest will have to be paid, and the principal will have to be paid off, of course.

In addition to that, in accordance with the average interest rate on outstanding Government securities as of today, TVA will have to pay 2.8 percent on the unreimbursed portion of the appropriation account which it has received from the Government, which amount, as of the middle of next year, will be approximately $1 billion.

Of course, as the average interest rate on the outstanding maturities increases, the return which TVA will be required to pay into the Treasury will increase. The amendment offered by the Senator from South Dakota will increase that amount by at least 1 percent on the outstanding unreimbursed balance of $1 billion, which means $10 million a year, or more.

There are other features in the bill which require that the depreciation account reserves either be paid into the Treasury or invested in further productive facilities.

However, as I said, because of the fact that the great Senator from South Dakota has worked so hard to get the bill into shape to be acceptable to so many, and in view of his feeling that his amendment would improve the bill and should be accepted, it will be the purpose of the Senator from Oklahoma to vote for the amendment, but, at the same time, he feels that it is placing just about

all of the load on the Authority and the users and its customers which they can stand.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Tennessee.

Mr. GORE. I hope the Senator will appreciate the reluctance of those of us who represent the people whose very economic well-being is tied in with the success of the agency, in accepting a burden which TVA, as the Senator has concluded, can bear, but about which there might be some room for doubt, I believe the Senator will also conclude.

In order that the RECORD may be clear, and that I may have a clear understanding of the situation, is it correct to say that the first obligation on the net power proceeds of TVA will be to pay the interest and to retire all bonds issued under the act, if the bill is passed?

Mr. KERR. The Senator refers to the self-liquidating bonds, I assume.

Mr. GORE. Yes.

Mr. KERR. The Senator is correct.

Mr. KEFAUVER. I wonder whether the Senator from South Dakota will agree that that is correct.

Mr. CASE of South Dakota. I am being asked a question, but I did not hear it.

Mr. GORE. I asked if it was correct to say that the first requirement on TVA net power proceeds under the bill as it is now written, and if the Senator's amendment is added, will be the requirement that all revenues be used, to the extent necessary, to retire, with interest, the revenue bonds authorized to be issued by the bill.

Mr. CASE of South Dakota. Yes; that provision is in the bill at the present time. I believe it is an essential part of the bond contract, if the agency is to sell revenue bonds.

Mr. GORE. The second requirement will be to make a payment into the Treasury annually of an amount equal to the going rate of interest on all outstanding marketable Government obligations in a particular year.

Mr. CASE of South Dakota. The Senator is correct.

Mr. KERR. The average rate.

Mr. CASE of South Dakota. Yes; on all the money the Government has invested in power facilities.

Mr. GORE. As of now that rate is 2.8 percent.

Mr. CASE of South Dakota. That is my understanding.

Mr. GORE. As the outstanding Government debt is refunded, that interest rate will increase.

Mr. KERR. That is my expectation.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. I yield myself 5 additional minutes.

Mr. GORE. Even after that, the Senator's amendment would impose an additional requirement of not less than $10 million a year; would it not?

Mr. CASE of South Dakota. Yes; I would hope that as the resources made it possible to do it, it would pay more.

Mr. GORE. There is a fourth requirement, which is that after all the first three requirements are met, any remainder, not reinvested, except for $1 million working capital, I believe, shall be paid into the Treasury. Is that not correct?

Mr. CASE of South Dakota. Yes; that is in the present law.

Mr. GORE. The able Senator from Oklahoma pointed out a provision in the bill which requires the TVA, on a 5-year basis, either to pay into the Treasury, or to retire bonds, or to invest in new facilities which would belong to the Government, an amount equal to the depreciation allowed on the facilities.

Mr. KERR. If available above the other requirements of the bill, namely, the payment of interest and principal on the refunding bonds, the 2.8 percent return to the Treasury, which now amounts to at least $10 million a year.

Mr. GORE. I am going to make a decision, that the whole purpose of the legislation recommended by the President and the Committee is to bring to a conclusion a vexatious problem as it affects the welfare of 5 million people. I am going to take a chance and vote with the Senator.

Mr. KERR. Mr. President, I yield the floor.

Mr. CASE of South Dakota. Mr. President, do I have any time left?

The PRESIDING OFFICER. The Senator from South Dakota has 7 minutes remaining.

Mr. CASE of South Dakota. I yield myself 2 minutes, for the purpose of yielding them to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I am interested in the Senator's amendment, and I intend to vote for it. I think it is a step—a very small step—in the right direction. At least, it is encouraging to know that some of our brothers on the other side of the aisle, who are interested in the TVA project, recognize that there is some responsibility to the taxpayers of the other 47 States, when they agree to the amendment offered by the Senator from South Dakota.

If the Senator from South Dakota will allow me to do so, I shall state why I feel that this is simply a small, faltering, baby step.

Since the TVA has been in operation, its power revenues have totaled $1,238,438,000.

The total net investment in the TVA power program is $1,575,000,000.

During the period of its operation, exclusive of a repayment of $65 million of Government bonds, this project has paid back $145 million.

Let us see what this country has sustained in the way of interest loss in that time: $261 million at simple interest; $370 million at compound interest. I have mentioned compound interest because the advocates of the high Hells Canyon Dam wanted to use compound interest. Because they are interested in compound interest, I now offer them that figure.

There has been a net tax deficiency in this period amounting to $302 million.

It has cost the people of this country $563 million to afford this luxury for 5 million people.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. CASE of South Dakota. I yield 2 more minutes, 1 to the Senator from Arizona, and 1 I reserve for myself.

Mr. GOLDWATER. Mr. President, 5 million people are asking 160 million to continue with this waste of money every year. I will not use the word "waste"; they are asking 160 million people to continue a power program which cost $101 million last year.

I shall vote for the amendment of the Senator from South Dakota. I do not think it goes far enough. I think, however, it is a step in the right direction.

Mr. President, I ask unanimous consent to have printed at this point in the colloquy a table I have prepared showing the net interest costs and net tax deficit of the TVA power program from 1934 through 1956, together with an explanation; and a table showing the total TVA operating revenues during the years of the operation of TVA.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Net interest costs and net tax deficit of TVA power program, 1934–56

[Structure of table explained on p. 2]

	Interest loss [1]		Net tax deficiency [2]	Cost of (simple) interest and tax deficiency (col. 1+col. 3)	Interest cost of net tax deficiency	
	Simple (actual rates)	Compound (at 2.5 percent)			Simple (actual rates)	Compound (at 2.5 percent)
	(1)	(2)	(3)	(4)	(5)	(6)
1934	$1,200,000	$70,584,000	$92,299	$1,292,299	$2,769	$70,572
1935	1,200,000		72,536	1,272,536	2,176	52,335
1936	1,200,000		148,622	1,348,622	4,459	100,989
1937	1,200,000		216,691	1,416,691	6,501	138,379
1938	1,200,000		337,804	1,537,804	10,134	202,209

[1] Annual net simple interest costs were computed at rates actually paid over the years by U. S. Treasury on marketable bonds.

Net power investment (to which appropriate annual interest rates were applied is as given by TVA Annual Reports for years 1946 through 1956; for years 1934 to 1945 net power investment is as computed by the Senate Subcommittee on Flood Control staff, 80th Cong., 2d sess., p. 710, pt. I of hearings on S. 1277.

Net TVA power investment is comprised of (a) appropriated funds, (b) Government property transferred to TVA, (c) Government bonds issued by TVA, and (d) power earnings payable to Government but retained and used by TVA.

Annual net simple interest costs were arrived at by deducting annually the amounts of interest paid to Treasury by TVA on its funded debt from total interest payments incurred by Treasury on the TVA net power investment.

[2] Annual net TVA tax deficiencies were determined as follows: (a) TVA in lieu of taxpayments were deducted from gross TVA operating revenues; (b) TVA operating revenues as reduced were inflated by an amount equivalent to the national average amount of tax costs included in private electric company operating revenue minus taxes; and (c) total annual computed TVA tax deficits were reduced by actual TVA in lieu or taxpayments.

Net interest costs and net tax deficit of TVA power program, 1934–56—Continued

[Structure of table explained on p. 2]

	Interest loss		Net tax deficiency	Cost of (simple) interest and tax deficiency (col. 1+ col. 3)	Interest cost of net tax deficiency	
	Simple (actual rates) (1)	Compound (at 2.5 percent) (2)	(3)	(4)	Simple (actual rates) (5)	Compound (at 2.5 percent) (6)
1939	1,717,922	11,192,000	788,645	2,506,567	23,375	441,326
1940	4,947,719	65,200,000	2,655,551	7,603,270	77,223	1,385,135
1941	5,089,398	7,267,500	3,745,478	8,834,876	104,386	1,814,684
1942	4,965,422	5,826,600	5,580,997	10,546,419	149,571	2,501,403
1943	6,454,309	31,793,300	7,498,956	13,953,265	187,024	3,096,319
1944	7,756,406	25,359,500	7,715,964	15,472,370	183,563	2,920,492
1945	8,298,393	11,378,400	8,152,436	16,450,829	188,647	2,810,960
1946	8,486,133	10,920,000	6,637,378	15,123,511	153,124	2,070,862
1947	9,531,830	12,298,160	8,347,136	17,878,966	192,568	2,337,198
1948	9,815,064	2,401,418	8,484,768	18,299,832	195,913	2,111,010
1949	10,398,229	5,076,053	11,341,621	21,739,850	262,332	2,477,010
1950	11,297,549	10,226,081	12,251,120	23,548,669	284,471	2,310,561
1951	14,275,009	19,731,667	17,806,185	32,081,194	414,350	2,841,867
1952	19,275,903	28,040,497	23,753,205	43,029,108	550,362	3,121,171
1953	24,192,243	20,529,356	26,109,112	50,301,355	611,475	2,710,126
1954	31,993,624	21,339,494	34,826,385	66,820,009	849,764	2,674,666
1955	37,640,563	9,826,773	53,255,781	90,896,344	1,320,743	2,694,743
1956	39,110,813	1,043,025	62,335,348	101,446,161	1,549,033	1,558,384
Total	261,246,529	370,033,824	302,154,018	563,400,547	7,323,963	42,442,401

Total simple interest cost (col. 1), net tax deficit (col. 3), and amount of simple interest on net tax deficit (col. 5) $570,724,510

Total annual costs compounded (col. 2), net tax deficit (col. 3) and compounded interest cost of net tax deficit (col. 6) 714,630,243

Total TVA operating revenues, gross power income, 1933–56

1933–38	$6,732,447
1939	5,507,077
1940	15,285,074
1941	21,137,371
1942	25,329,954
1943	31,674,210
1944	35,429,546
1945	39,383,231
1946	35,264,545
1947	44,144,090
1948	48,769,524
1949	58,030,515
1950	57,786,111
1951	70,329,580
1952	95,004,390
1953	104,877,869
1954	133,947,808
1955	188,162,989
1956	221,642,216
Total	1,238,438,547

Additional selected data on TVA

(Source: TVA Annual Reports)

Total net investment in TVA power program, 1956	$1,575,560,520
Repayment to United States Treasury by TVA [1]	145,059,019

[1] Does not include repayment of $65,072,500 of Government bonds issued by TVA to purchase private utilities.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent to have printed at this point in my remarks a table which appears in the committee report on page 7, and shows the investment of Treasury funds in TVA power facilities and repayments through June 30, 1956.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Investment of Treasury funds	Payments to Treasury	Balance at end of year
Totals to June 30, 1947	$371,870,759	$23,631,519	$348,239,240
Fiscal year ending—			
June 30, 1948		10,500,000	337,739,240
June 30, 1949		5,500,000	332,239,240
June 30, 1950	17,745,840	5,500,000	344,485,080
Fiscal year ending—Con.			
June 30, 1951	$23,373,731	$9,000,000	$358,858,811
June 30, 1952	100,893,844	12,000,000	447,752,655
June 30, 1953	209,046,402	15,000,000	641,799,057
June 30, 1954	164,415,676	20,000,000	786,214,733
June 30, 1955	254,366,425	50,000,000	990,581,158
June 30, 1956	196,225,257	59,000,000	1,127,806,415
Total to June 30, 1956	1,337,937,934	210,131,519	1,127,806,415

Mr. CASE of South Dakota. Mr. President, I yield back the remainder of my time.

Mr. KNOWLAND. Mr. President, I yield myself 1½ minutes on the bill.

Since a question has been raised as to whether there might be a yea and nay vote on the passage of the bill, and so that no Senator will be under any misconception about it, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. KERR. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment of the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I suggest the absence of a quorum, so that all Senators may be on notice that a vote is about to be taken.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from South Dakota. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Colorado [Mr. CARROLL], the Senator from Delaware [Mr. FREAR], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Missouri [Mr. HENNINGS] is absent by leave of the Senate because of illness.

On this vote the Senator from Virginia [Mr. BYRD] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Colorado would vote "nay."

I also announce, if present and voting, the Senator from Delaware [Mr. FREAR], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate in order to represent the Senate at the Latin American Economic Conference, in Buenos Aires.

The Senator from Nevada [Mr. MALONE] is necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] would vote "yea."

The result was announced—yeas 76, nays 6, as follows:

YEAS—76

Aiken	Goldwater	Mundt
Allott	Gore	Murray
Anderson	Green	O'Mahoney
Barrett	Hayden	Pastore
Beall	Hickenlooper	Potter
Bennett	Holland	Purtell
Bible	Hruska	Revercomb
Bricker	Humphrey	Russell
Bush	Ives	Saltonstall
Butler	Jackson	Schoeppel
Carlson	Javits	Scott
Case, N. J.	Jenner	Smathers
Case, S. Dak.	Johnson, Tex.	Smith, Maine
Chavez	Johnston, S. C.	Smith, N. J.
Church	Kerr	Stennis
Clark	Knowland	Symington
Cooper	Kuchel	Talmadge
Cotton	Long	Thurmond
Curtis	Magnuson	Thye
Dirksen	Mansfield	Watkins
Douglas	Martin, Iowa	Wiley
Dworshak	Martin, Pa.	Williams
Eastland	McClellan	Yarborough
Ellender	McNamara	Young
Ervin	Monroney	
Flanders	Morton	

NAYS—6

Hill	Langer	Neuberger
Kefauver	Morse	Sparkman

NOT VOTING—13

Bridges	Fulbright	Neely
Byrd	Hennings	Payne
Capehart	Kennedy	Robertson
Carroll	Lausche	
Frear	Malone	

So the amendment of Mr. CASE of South Dakota was agreed to.

Mr. CASE of South Dakota. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. BUSH. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. COTTON. Mr. President, in accordance with the unanimous-consent agreement which was entered into earlier in the day, I call up the amendment I previously offered, but the further consideration of which was postponed. I ask that the amendment be stated at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, in line 17, after the word "corporation," it is proposed to add the words "for use."

Mr. COTTON. Mr. President, let me inquire how much time is still available on the amendment.

The PRESIDING OFFICER. The Senator from New Hampshire has 14 minutes remaining under his control. The opposition to the amendment has 30 minutes.

Mr. COTTON. Mr. President——

The PRESIDING OFFICER. How much time does the Senator from New Hampshire yield to himself?

Mr. COTTON. I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 4 minutes.

Mr. COTTON. Mr. President, there is no need for me to take a great deal of time on this amendment, for it has previously been discussed.

The Senate will recall that an amendment has been agreed to which places a limitation on the territory in which the TVA may sell power without coming back to Congress for further authority. The amendment establishing that area was adopted.

The amendment is offered now to make the previous amendment effective by inserting on line 17 on page 2 of the bill, after the word "corporation" the words "for use", so the language would read, "for the sale or delivery of power by the corporation for use outside the counties," and so forth.

I have conferred with Senators who are in doubt about this point, I have considered it carefully; I have taken the advice of others, and I regret that I must say this: In the first place, considering the fact that later on the same page ample reservation is made for the exchange of power with other utilities and with other systems, and considering the fact that ample exception is made for interconnection of power with the various units of the TVA, and in view of the fact that the territorial limitations provided by the amendment are so generous that already any co-op doing business and receiving and distributing Tennessee Valley electric power in any county may extend its lines within such county, and in view of the fact that any concern which is operating within any county, a part of which is in the basin of the Tennessee Valley can do so, I am compelled to conclude that the provision, if adopted without this amendment, would be exactly like a pail with a hole in its bottom. There would simply be no real limitation, because any outside utility or distributor of power, simply by building a connecting line to TVA and buying the power wholesale, could distribute it, without this provision being in the bill.

I find, by referring to the original bill introduced by the Senator from Kentucky, that the words "for use outside" were in his original bill. I find in the amendment which I offered in the committee, and which was rejected in committee, those words were included. I am compelled to conclude the language is essential.

While I still have a part of my 4 minutes, I ask unanimous consent that the yeas and nays be ordered on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. KERR. Mr. President, before the announcement is made, will the Senator yield?

Mr. COTTON. Certainly, I yield.

RECESS

Mr. KERR. Mr. President, I move that the Senate take a brief recess while the Senator from Mississippi and the Senator from New Hampshire discuss this matter, with respect to some language in connection with it.

The motion was agreed to; and (at 5 o'clock and 14 minutes p. m.) the Senate took a recess, subject to the call of the Chair.

On the expiration of the recess, the Senate reassembled (at 5 o'clock and 19 minutes p. m.) and was called to order by the Presiding Officer (Mr. SMATHERS in the chair).

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. COTTON. Mr. President, do I have any time remaining to yield to myself?

The PRESIDING OFFICER. The Senator has 20 minutes remaining.

Mr. COTTON. I yield myself 5 minutes, Mr. President.

Mr. President, as a result of the conference with proponents of this measure, there is an amendment which I should like to read and explain. I shall suggest it in a moment, and shall ask unanimous consent to have it substituted in place of my previous amendment.

The amendment reads as follows:

Provided further, That except as expressly provided above, all contracts entered into after this provision becomes law for the supply of power to any distributor shall contain an agreement by said distributor to confine the resale of such power within the boundaries of the counties above described and such additional areas (not more than 5 miles from such boundaries) as may be necessary to care for the growth of communities within said counties provided said communities were receiving Tennessee Valley Authority power on July 1, 1957.

Mr. President, in order to make the legislative history of the amendment as exact as possible, it is the understanding of the proponent of the amendment that the amendment offered as a substitute means simply that the area previously agreed to in the amendment offered by the Senator from New Hampshire earlier today—that is, the perimeter shown here on the map—still stands.

However, should there be a community on the perimeter of the present service area of the TVA receiving power on July 1, 1957, which, with its growth, extends beyond that perimeter, it may receive power up to 5 miles.

In other words, the amendment relates to that portion of the perimeter of the map which is not extended beyond the present service area. The amendment relates simply to those communities on the perimeter of the present power service area which are now receiving electric energy, which communities expand beyond the perimeter, into an area which was not provided in the amendment we had agreed to.

I ask unanimous consent that I be permitted to withdraw the amendment and that this amendment be substituted.

Mr. HILL. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. HILL. I do not think the Senator needs to ask unanimous consent. The yeas and nays have not been ordered on the amendment. The amendment is still within the Senator's control. The Senator can modify his amendment as he sees fit.

Mr. COTTON. I modify my amendment by striking out the words "for use" in line 17, and substituting the language which I have read and which I send to the desk, to follow the word "plants," in line 24, on page 2 of the bill. In other words, it is to follow the amendment which was previously adopted.

The PRESIDING OFFICER. The Senator is permitted to modify his amendment. Does the Senator desire to have the amendment read?

Mr. COTTON. I ask the clerk to read the amendment.

The LEGISLATIVE CLERK. On page 2, in line 24, following the amendment previously agreed to, it is proposed to insert the following:

Provided further, That except as expressly provided above, all contracts entered into after this provision becomes law for the supply of power to any distributor shall contain an agreement by said distributor to confine the resale of such power within the boundaries of the counties above described and such additional areas (not more than 5 miles from such boundaries) as may be necessary to care for the growth of communities within said counties provided said communities were receiving Tennessee Valley Authority power on July 1, 1957.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. COTTON].

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. CASE of South Dakota. Is it not fair to say that the effect of the amendment is this: If the town or community is on the perimeter of the area previously defined, and it starts to grow and spills over the line a little, if the extension does not go beyond 5 miles of spillover, the area can be served by the existing service utility.

Mr. COTTON. That is not exactly correct, as I understand. If a community in the present service area, which was served on July 1, 1957, starts to grow and expands over a county line, and that county line is not the county line of one of the counties included in the previous amendment offered by the Senator from New Hampshire, it will be possible to render service in the area around the edge of the present service area. Around the perimeter there are several thousand square miles of territory with respect to which there is no opportunity to expand further in the service area. It is only in those parts of the present service area, where no additional expansion is allowed under the previous amendment, that service could be rendered for a distance of not to exceed 5 miles.

Mr. CASE of South Dakota. In the area on the fringe of the community, no new utility is required.

Mr. COTTON. The Senator is exactly correct.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. BUSH. Can the Senator tell me whether the substitute which he has offered in lieu of his previous amendment would accomplish substantially what he set out to do by the previous amendment?

Mr. COTTON. I believe this amendment is satisfactory, because I believe it would not lead to any material expansion of the area lines established by my previous amendment.

Mr. BUSH. As I understand, this amendment has the same purpose as the amendment previously offered.

Mr. COTTON. That is correct; and it could not possibly interfere with any other utilities serving the public, because it would involve only those communities on the perimeter which, on July 1, 1957, were receiving TVA power.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. COTTON. I yield.

Mr. STENNIS. The Senator stated that this amendment would come immediately after the word "plants" on page 2, line 24. I believe, for the information of those who will write up the bill, that it should be pointed out that it will not come after the word "plants," but will come after the amendment previously offered by the Senator from New Hampshire and accepted by the Senate. I understand that the Senator from New Hampshire had already covered that point, but the Senator from Mississippi did not hear his explanation.

Mr. COTTON. The situation is not quite clear to me. My previous amendment would have struck out all after the word "plants" in line 24 on page 2, up to and including the word "approval" on page 3, line 7.

Mr. HILL. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. HILL. But the Senator accepted the amendment of the Senator from Mississippi.

Mr. COTTON. Yes.

Mr. HILL. So that language is in the bill, after the comma following the word "plants" in line 24 on page 2, and the Senator's present amendment would follow that amendment, as amended by the amendment of the Senator from Mississippi, or as modified by the Senator from New Hampshire at the suggestion of the Senator from Mississippi.

Mr. COTTON. The Senator is correct.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. STENNIS. As I understand the Senator's amendment, if county A has a community or municipality now being served by the Tennessee Valley Authority power, and if, by growth and expansion, it extends over into county B, let us say, for 5 miles, and county B is outside the perimeter established by the previous amendment, nevertheless, that 5-mile area in county B could be served by the TVA. Is that correct?

Mr. COTTON. That is correct, because if county A was receiving power from the TVA on July 1, 1957, if it is located in that part of the service area where it could expand and still be within the perimeter provided by the previous amendment, it would not need this amendment. It would receive power anyway. However, if it is located on the perimeter where there is no further space under the previous amendment, it can expand for a distance of 5 miles and still receive power.

Mr. STENNIS. As to those areas and counties, the Senator's amendment is not intended to limit the language which precedes it in the bill.

Mr. COTTON. That is correct.

Mr. STENNIS. It is in addition to the perimeter and lines previously laid down by the Cotton amendment.

Mr. COTTON. It does not affect the lines previously laid down, but in certain instances it would provide additional service.

Mr. STENNIS. And it does not detract from the lines formerly laid down.

Mr. COTTON. The Senator is correct.

Mr. MORSE. Mr. President, will the Senator from California yield 5 minutes to me?

Mr. KNOWLAND. I yield 5 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to make a brief statement of my attitude with respect to amending the bill. I have been in doubt with respect to many of the amendments, and when in doubt I always vote "nay." I wish to have the RECORD show my attitude in regard to the tendency to amend the bill.

It is one of the great ironies of our time that the TVA, the most successful experiment in resource development on a river-basin plan is admired and emulated throughout the world, but is now under attack by the political administration in the country of its origin.

TVA has transformed an underdeveloped area into a far more prosperous region. Flood ravages have been reduced and savings effected which almost equal the cost of the flood-control investment. Low-cost power from TVA has made possible vast new private undertakings in what was an area lacking industry. Conservation and reforestation have improved and regularized water flow and water supply and stopped the loss of irreplaceable soil. Fertilizer production has helped avert the exhaustion of soil and increased farm efficiency at low cost.

Despite these magnificent achievements, this administration has since 1953 followed a course of action which has prevented TVA from expanding to meet the growth needs of the area it serves. The infamous Dixon-Yates deal was only one part of the administration attack on TVA and the price and service yardstick it provides in the area ringing its own direct-service area.

One excuse has been that new TVA electric generating is to be provided by steam plants because hydroelectric resources are fully developed. Yet the beauty of TVA is that it can provide new power generation by the coordination of water and steam generation at the lowest possible cost. Steam plants are and can be integral parts of the region's hydroelectric system.

Supporters of TVA have been forced by the Eisenhower starvation program to propose a self-financing plan. The administration has tried to convert even this approach so that it will not be effective in maintaining the TVA-yardstick principle. If the administration insists that major expansion of generating capacity be financed by the system itself and not by appropriations, then the self-financing plan must be flexible enough to be operated at maximum efficiency and lowest cost. As a governmental agency TVA must, of course, remain subject to Congressional supervision. But if the new financing method is to live up to its name of self-financing, Congressional interference must be kept to a minimum.

Bond financing will be more expensive than appropriation financing. Additional interest costs can be offset in part by efficient programing and the elimination of construction delays. This makes it essential that TVA itself have the greatest possible leeway in the handling of bond issues. Unless it has such leeway TVA will be doubly hampered by the disadvantages of both the appropriation controls of Congress and executive agencies and the bonding method without the advantages of either.

The bill as reported is satisfactory to the Senators from the TVA area, whose lead I follow in legislation relating to their great system. The senior Senator from Alabama was the House father of TVA. His colleague has always worked hard for it. The senior Senator from Tennessee was TVA's great champion and defender in the Dixon-Yates battle

and investigation. His colleague has worked hard in formulating the pending bill in committee. It is satisfactory to other area representatives who have championed TVA.

In connection with the pending bill, the Senator from Oklahoma [Mr. KERR], chairman of the subcommittee which considered the bill, has done a grand job of leadership. The prospect of a self-financing bill has been used by the administration as an excuse for not requesting appropriations for sorely needed generating capacity. The bill must not be amended to continue the administration's vendetta against TVA.

In this case I shall support the leaders and defenders of TVA. The bonding plan is far from perfect and not necessarily a pattern for other areas. The Senators from Alabama and Tennessee and the senior Senator from Kentucky seem reasonably satisfied with the bill. The American people support TVA and its proven worth in the development of resources which belong to the Nation.

Let us not bow to the crippling amendments on financing and limitation of TVA's service area. I am against amendments to do indirectly what the Dixon-Yates deal was designed to do directly.

I congratulate the Senators from the Tennessee Valley who have done so much to make the best of a bad situation.

Sometimes it is necessary to make what is considered to be the best compromise it is possible to make in order to avoid a bad situation.

So far as I am concerned, unless more proof is presented to me than has been up to this point, I intend to vote against the amendments.

FOREIGN AID

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes on the bill to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I wish to make it absolutely clear that I am still unalterably opposed to the mutual security bill in its present form. The fact that it is now before us in a so-called compromise version makes no difference.

In a sense, it might be said that the bill has been improved because it has less money in it than the Senate version. But the House version would have been even more of an improvement, and the only improvement I could accept would be to get rid of the program altogether.

The American people are rightly incensed by this program that goes on forever and forever. Each year, we are sent some new gimmick. Each year we are told that the new approach promises to put an end to foreign aid within the foreseeable future.

There are some features of mutual security that I could support. I believe in technical assistance. But I do not believe in using such worthwhile features in order to cover up the squandering of taxpayer's funds all over the world.

I intend to oppose this bill with all the strength at my command. I feel it is the simple duty I owe my constituents.

In closing, I wish to suggest to the distinguished majority and minority leaders that I have been very much occupied during the past few days in the Committee on Appropriations, and I shall expect advance notice before the conference report is brought up in the Senate.

Mr. SYMINGTON. Mr. President, will the able Senator from Louisiana yield?

Mr. ELLENDER. I yield, if I have the time.

Mr. SYMINGTON. I ask my colleague from Louisiana this question: Inasmuch as only last May the President of the United States told the American people on television that any further reduction in his military budget for our defense forces would be foolhardy and against the security of the United States; and inasmuch as the President added that he knew this was true because he had had previous unfortunate experience with excessive defense budget cuts; inasmuch as since then, at the urging of this administration, the Congress has cut several billion dollars from the defense budget, and as a result the heads of our own defense forces have stated they do not have enough money to operate properly our own airplanes and train our own youth, does not the distinguished Senator from Louisiana agree that under those circumstances, it is questionable whether we should distribute vast sums of money, all over the world, to other nations for their military needs? Should not the efficiency of our own forces come first?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ELLENDER. I agree with the Senator.

Mr. JOHNSON of Texas. I yield 1 more minute to the Senator from Louisiana.

Mr. ELLENDER. I wish to make the further statement that every department of Government has been sent a directive by the Bureau of the Budget to cut, percentagewise, as much as 25 percent of their expenditures. No such directive has been issued to cut back the foreign-aid bill, however. On the contrary, foreign aid seems to be the President's pet. It would seem to be his desire to have foreign aid appropriations as large as the House and the Senate will vote for. I would have thought that adequate training of our own people would come first.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT OF 1933

The Senate resumed the consideration of the bill (S. 1869) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 2, line 24, offered by the Senator from New Hampshire [Mr. COTTON].

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. President, I send two amendments to the desk and ask that they be stated.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 1, line 6, after the word "repealed," it is proposed to insert the words "effective with the close of fiscal year June 30, 1958"; and on page 8, line 14, to strike out "1958" and insert in lieu thereof "1959."

Mr. CASE of South Dakota. To a large extent these are technical amendments. We are now in fiscal year 1958, and it is obvious that before the bill can become effective, we shall be well along in fiscal 1958. Therefore, it seems to me, after consultation with other members of the committee, that the provisions of the Government Corporation Control Act with respect to repayment should be continued through June 30, 1958; and the new repayment provisions of the bill commence with the beginning of the fiscal year 1959.

Mr. KERR. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. KERR. Mr. President, had the bill been prepared during fiscal 1958, instead of during fiscal 1957, the figures would have been as suggested by the Senator from South Dakota. Therefore, the amendments should be regarded as technical amendments and accepted.

Mr. CASE of South Dakota. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, the question is on agreeing en bloc, to the amendments offered by the Senator from South Dakota [Mr. CASE].

The amendments were agreed to en bloc.

CIVIL RIGHTS

Mr. MORSE. Mr. President, may I have 5 minutes yielded to me on another subject?

Mr. KNOWLAND. Mr. President, I yield 5 minutes on the bill to the Senator from Oregon.

Mr. MORSE. Mr. President, I should like to call to the attention of the Senate an article which appeared in this morning's New York Times. It is written by James Reston, one of the most outstanding correspondents and columnists. He analyzes the civil-rights bill now awaiting some fate. I do not know what that fate will be, but perhaps it will die in conference or go to the President for a possible veto. Mr. Reston headlines his article "A Freedom Is Ignored."

Mr. President, I ask unanimous consent that the entire article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A FREEDOM IS IGNORED: AN ANALYSIS OF SENATE'S THREAT TO PRESS IN SECRECY CLAUSE OF CIVIL RIGHTS BILL

(By James Reston)

WASHINGTON, August 9.—The Senate has taken much pride recently in its efforts to defend both the right to vote and the right to a jury trial.

But in its concentration on these issues it has almost wholly ignored the constitutional prohibition against Congressional infringement of the freedom of the press.

Indeed, while the civil-rights bill, as passed by the House and Senate, clearly attempts to strengthen the 14th and 15th amendments to the Constitution, it has almost certainly violated the first amendment's protection against Congressional censorship.

This was done when the House Judiciary Committee, on the motion of Representative FRANCES E. WALTER, Democrat, of Pennsylvania, inserted a clause in the administration's bill subjecting reporters to a $1,000 fine or a year in jail if they published testimony taken in private by the proposed Civil Rights Commission without the consent of the Commission.

This amendment went through both the House and Senate almost by accident. The purpose of it was never explained. The need for it was never debated. And while one or two Senators mentioned it after it had been spotted by the press, this was done only after the time had passed for deletion.

CONSENT IS REQUIRED

Thus, though the first amendment to the Constitution expressly forbids the Congress to pass any law "abridging the freedom of speech or of the press," subsection G of section 102 of the bill as passed by both Houses now states:

"No evidence or testimony taken in executive session may be released or used in public sessions without the consent of the Commission.

"Whoever releases or uses in public without the consent of the Commission evidence or testimony taken in executive session shall be fined not more than $1,000, or imprisoned for not more than 1 year."

In an effort to avoid the embarrassment of passing such a clause without even debating it, the Senate has acquiesced in an argument by Senator JACOB K. JAVITS, Republican, of New York, that the Congress intended this to apply, not to reporters but only to officials of the Civil Rights Commission.

It is true that the rules governing committees of the two Houses of Congress often use precisely this language prohibiting committee officials to "release or use" secret testimony, and this may very well have been the intent of Representative WALTER.

LANGUAGE AMBIGUOUS

Nevertheless, the language is generally regarded here as being ambiguous in the extreme, for if a reporter publishes information taken in executive session by the Civil Rights Commission without the Commission's "consent," he clearly "uses in public" this information, and thus can be consigned to the pokey for a year.

What happens after almost all secret sessions of presidential or legislative commissions is well known, reporters hang around the closed doors. They spot friends and relatives of witnesses inside. They buttonhole the witnesses when they come out, and by a variety of methods, including appeals to man's weakness for getting his name in the papers, wrangle out of said witnesses what went on inside.

This process has gone on ever since the first corridor was erected in these parts, usually with the cooperation of the distinguished gentlemen who sit in the Congress, and often to the enlightenment of the public at large. But now the Congressmen, in a moment of inattention, are saying that, if practiced outside the Civil Rights Commission door, it may cost the reporters $1,000.

Entirely aside from the fact that few reporters in Washington have $1,000, the general feeling here is that this is a curious thing to do in the name of civil rights, and that some way ought to be found to strike it out.

NO CURE FIGURED OUT

The difficulty, however, is that nobody has yet figured out how to do it, even though most Senators and Congressmen concede when it is pointed out to them, that they did not know it was in the bill.

What those two strategists from Texas, LYNDON B. JOHNSON, majority Senate leader, and SAM RAYBURN, House Speaker, are trying to arrange is for the House Rules Committee to agree to the Senate bill as passed, warts and all.

They do not like warts any more than a lot of others, but they fear that once any effort is made to amend the Senate bill, a whole flood of amendments will follow, opening the entire wrangle once more.

Nevertheless, an effort will be made to get an exception in this case. Senators and Congressmen are constantly charging the executive branch with a tendency toward censorship. Consequently, they are embarrassed to find that in this instance they have, in a fit of absentmindedness, almost done it themselves.

Mr. MORSE. Mr. President, Mr. Reston expresses great concern that the bill violates the first amendment to the Constitution. That amendment contains the great principle of liberty with respect to protection from the abridgment of the freedom of speech and freedom of the press. He points out in the article that Representative WALTER, of Pennsylvania, when the bill was on the House side, succeeded in having included in it some language which Mr. Reston believes involves an infringement of the freedom of the press.

I am inclined to believe that Mr. Reston is unduly concerned, because of the well established rule of law that if a criminal statute is ambiguous, and it is not perfectly clear from a reading of it what the offense is, and what the penalty therefor shall be, the courts rather consistently have held the statute not to be enforceable. However, I think that Mr. Reston does a masterful job in his article in pointing out the errors in the way the Senate handled the civil-rights bill. I should like to have the attention of the majority and minority leaders on this point.

It is just this kind of a question raised by Mr. Reston which, I think, calls for very careful committee consideration and for witnesses to be brought before a committee, in order that a very careful analysis may be made of a bill.

In my opinion, one of the greatest mistakes made procedurewise by the Senate in recent years was by putting the civil rights bill directly on the Senate Calendar. The question which Mr. Reston raises, about which he expresses the fear that we have even endangered freedom of the press by the bill, could certainly have been avoided, because I cannot imagine a Senate committee failing to modify or strike the language in the bill which Mr. Reston discusses and objects to in his article.

As Mr. Reston points out, it is very difficult to square the language of the bill with the first amendment to the Constitution, the freedom of the press amendment.

Of course, it is not new for a liberal to be standing in the Senate, seeking to defend the basic rights of the Bill of Rights, such as the freedom of the press. Although I disagreed with the majority leader in the course of action he followed with respect to the civil-rights bill once the bill was placed on the Senate Calendar, I appreciated the fact that he joined with me in trying to keep it off the Senate Calendar until we had the benefit of at least a committee report on the bill. I regretted that the minority leader did not join us in our attempt to refer the bill to committee under instructions.

I may be thought to be facetious about this, but I am in dead earnest when I say there is grave doubt about the bill as Mr. Reston points out in respect to its possible invasions of basic rights of the bill of rights. Mr. Reston is not the only newspaperman who is concerned about the objectionable language in the civil-rights bill. But how are we going to get it out. By what procedure can we get it out? Both the House and the Senate have agreed on it. I suppose that in conference the bill can be completely rewritten but I doubt if it will be.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. May I have 1 more minute?

Mr. KNOWLAND. One minute.

Mr. MORSE. The fact is that we made a great mistake in putting the bill on the Senate Calendar without committee consideration and a committee report. It would have been better to have had the bill referred to a committee, where the questionable language objected to by Mr. Reston could have been eliminated.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. ERVIN. I wish to make an observation which sustains the position of the Senator from Oregon with reference to the procedure which was followed. I had drawn an amendment which would have stricken out that very section. I would have offered it if the committee had considered the bill.

Mr. MORSE. One would expect the Senator from North Carolina, great lawyer that he is to have done exactly that. He proves my point that the bill should have gone to the Senate Judiciary Committee.

I have a little advice for the President: Veto the bill, if you get the chance. Call us back in November for a special session, and we will write a good civil-rights bill as it ought to be written and send it to committee under instructions to report back to the Senate within a reasonable specified time.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT OF 1933

The Senate resumed the consideration of the bill (S. 1869) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes.

Mr. MARTIN of Pennsylvania. Mr. President, as an amendment in the nature of a substitute for the pending bill, I wish to offer my bill (S. 2145). I ask unanimous consent, because it is not my intention to press the amendment in the nature of a substitute for a vote, that the amendment not be read in full.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD, but not read.

The amendment (Senate bill 2145) offered by Mr. MARTIN of Pennsylvania in the nature of a substitute for S. 1869 is as follows:

Be it enacted, etc., That (a) the Tennessee Valley Authority (Corporation) is authorized to issue, sell and refund bonds, notes, and other evidences of indebtedness (hereinafter collectively referred to as "bonds") to assist in financing its power program in an aggregate amount not to exceed $750 million outstanding at any one time. The Corporation may, in performing functions authorized by this Act, use the proceeds of the bonds authorized by this section, for the construction, acquisition, enlargement, improvement, or replacement of any plant or other facility used or to be used for the generation or transmission of electric power (including the portion of any multiple-purpose structure used or to be used for power generation) as may be required in connection with the lease, lease-purchase, or any contract for the power output of any such plant or other facility, and for other purposes incidental thereto. No such bonds shall be issued or sold, nor the proceeds thereof or any other funds of the Corporation be used except as necessary for such of the foregoing purposes as may be approved by the Congress in connection with its consideration of the Corporation's budget programs transmitted by the President pursuant to the provisions of the Government Control Act as amended (31 U. S. C. 841–871). The Corporation is authorized to enter into binding covenants with the purchasers of said bonds—and with the trustee, if any—under any indenture, resolution, or other agreement entered into in connection with the issuance thereof (any such agreement being hereinafter referred to as a "bond contract") with respect to the establishment of interest rates, reserve funds and other funds, provisions for insurance, application and use of power proceeds, restriction upon the subsequent issuance of bonds, or the execution of leases or lease-purchase agreements relating to power and such other matters, not inconsistent with this Act, as the Corporation may deem necessary or desirable to enhance the marketability of said bonds.

(b) The Corporation shall consult with the Secretary of the Treasury with respect to the dates of issuance and maturity (including the date of any recall) and the terms and conditions of bonds issued under the authority of this section in order that the financing activities of the Corporation will not conflict with or hamper those of the Department of the Treasury. At least 60 days prior to the issuance or recall of any such bonds the Corporation shall notify the Secretary of the Treasury of the date of such issuance (and the maturity date of the bonds to be issued) or the date of such recall, and the Secretary of the Treasury may postpone any such date not more than 90 days.

(c) Bonds issued by the Corporation hereunder shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the United States. Interest upon or any income from any such bonds and gain from the sale or other disposition of such bonds shall not have any exemption, as such, and loss from the sale or other disposition of such bonds shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. Proceeds realized by the Corporation from issuance of such bonds and from power operations and the expenditure of such proceeds shall not be subject to apportionment under the provisions of Revised Statutes 3679, as amended (31 U. S. C. 665), and such proceeds and bonds shall not be included in computations of receipts, expenditures, surpluses, or deficits in the budget prepared annually pursuant to section 201 of the act of June 10, 1921, as amended (31 U. S. C. 11).

(d) Bonds issued by the Corporation under this section shall be negotiable instruments unless otherwise specified therein, shall be in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than 50 years from their respective dates, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of the Corporation in such manner and at such times and redemption premiums, may be entitled to such relative priorities of claim on the Corporation's power proceeds with respect to principal and interest payments, and shall be subject to such other terms and conditions, as the Corporation may determine. The Corporation may sell such bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with said bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial condition and operations by commercial accounting firms (which audits and reports shall be in addition to those required by sections 105 and 106 of the Act of December 6, 1945 (59 Stat. 599; 31 U. S. C. 850–851), may, notwithstanding the provisions of sections 302 and 303 of the Act of December 6, 1945, as amended (59 Stat. 601–602, 70 Stat. 667; 31 U. S. C. 867–868), or any other law, but subject to any covenants contained in any bond contract, temporarily invest the proceeds of any bonds and other funds under its control which derive from or pertain to its power program in any securities approved for investment of national bank funds and deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other acts not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by the Corporation hereunder shall contain a recital that they are issued pursuant to this section, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity. The annual report of the Board filed pursuant to section 9 of this Act shall contain a detailed statement of the operation of the provisions of this section during the year.

(e) Bonds issued by the Corporation hereunder shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the United States.

SEC. 2. All rates or charges made, demanded, or received by the Corporation for or in connection with the production, distribution, or sale of electric energy and all classifications, rules, regulations, practices, and contracts of the Corporation affecting any such rate or charge shall be just and reasonable, shall not be unduly or unreasonably discriminatory and shall be subject to the jurisdiction of the Federal Power Commission. The Federal Power Commission is authorized and directed, upon appropriate notice to the Corporation and to all persons who purchase electric energy directly from the Corporation and after opportunity for hearing, to make, fix, and determine all such rates, charges, classifications, rules, regulations, practices, and contracts as of the beginning of business on or before July 1, 1959.

SEC. 3. After the determination by the Federal Power Commission, as specified in section 2 hereof, it shall be unlawful for the Corporation, except as authorized by the Federal Power Commission, to make, demand, or receive any rate or charge or to apply or observe any classification, rule, regulation, practice, or contract, for or in connection with the sale of electric energy.

SEC. 4. All action taken and proceedings had in connection with the determination by the Federal Power Commission of any such rates, charges, classifications, rules, regulations, practices, or contracts of the Corporation shall be taken and had as if the Corporation were a "public utility" as that term is defined in section 201 of the Federal Power Act (16 U. S. C. 824). The provisions of sections 205 (rates and charges; schedules; suspension of new rates), 206 (fixing rates and charges, determination of cost of production or transmission) and 208 (ascertainment of cost of property) of the Federal Power Act (16 U. S. C. 824d, 824e and 824g) are hereby made applicable to the determination by the Federal Power Commission of any such rates, charges, classifications, rules, regulations, practices, or contracts of the Corporation. In its investigation and ascertainment of the actual legitimate cost of the property of the Corporation used and useful in the production, distribution or sale of electric energy, the Federal Power Commission shall determine and include all costs incurred on behalf of the Corporation by any other agency or department of the United States.

SEC. 5. In determining the justness and reasonableness of any rate or charge, the Federal Power Commission shall take into account all costs or expenses properly assignable to the cost of producing, distributing, and selling electric energy (including costs applicable to multiple-purpose properties allocated to power and all costs or expenses paid or incurred by any other agency or department of the United States in behalf of the Corporation) including (a) all operating, maintenance, and administrative expenses, (b) provision for depreciation, (c) State and local taxes as hereinafter provided for in section 8, (d) allowance in lieu of Federal income taxes as hereinafter provided for in section 6, and (e) a reasonable return on the actual legitimate cost of the property of the Corporation, used and useful in the production, distribution or sale of electric energy to provide for (i) debt service on all outstanding bonds, (ii) interest on the Government investment as provided for in section 6 hereof, and (iii) a reasonable margin of retained earnings for investment in power system assets, retirement of outstanding bonds in advance of maturity and as may be otherwise required by the Corporation in connection with its power business, having due regard for the primary objectives of the act.

SEC. 6. The corporation for each fiscal year beginning July 1, 1959, shall pay into the Treasury of the United States (1) amortization amounts to repay over a 40-year period the Government investment in the Corporation's power business, (2) interest payments on such Government investment, and (3) amounts, as determined by the Federal Power Commission, equal to the Federal income taxes that are foregone by the Treasury of the United States by reason of the electric utility system of the Corporation not being owned and operated by a conventionally financed taxpaying electric utility enterprise. All such payments shall be made into the Treasury of the United States as miscellaneous receipts on or before June 30 of each fiscal year. The said Government investment shall consist, in any fiscal year, of the average of the beginning and end of such fiscal year of that part of the Corporation's total investment assigned to power (including both completed plant and construction in progress) which has been provided from appropriations, by transfers of property from other Government agencies without reimbursement by the Corporation, and from accumulated net income from power operations of the Corporation, less the total

of (i) repayments of the appropriation investment made under the fourth and fifth paragraphs of the subtitle "Independent Agencies and Corporations" in title II of the Government Corporations Appropriation Act, 1948, or other applicable law, and (ii) the repayments of amortization amounts made under the provisions of subsection (1) of this section. The rate of the interest payment in each fiscal year under subsection (2) of this section shall be the computed average interest rate of the outstanding publicly held bonds of the Corporation; payments due under such subsection may be deferred for not more than 2 years when, in the judgment of the Corporation, such payments cannot feasibly be made because of inadequacy of funds occasioned by drought, poor business conditions, emergency replacements, or other factors beyond the control of the Corporation.

SEC. 7. Notwithstanding section 26 of the Tennessee Valley Authority Act, as amended, none of the power revenues of the Corporation shall be used for the construction of any power producing units, installations, or projects (except for replacement purposes) except as may be made available by the Congress after consideration of budget programs transmitted by the President, pursuant to the Government Corporation Control Act, as amended.

SEC. 8. The properties of the Corporation used and useful in the production, distribution, and sale of electric energy and all securities issued in connection therewith shall be subject to taxation by the States in which the Corporation operates and by their political subdivisions in the same manner as for any other citizen but, in no event, may any discriminatory tax be levied against the Corporation, its properties or securities.

SEC. 9. The Corporation shall make, keep, and preserve for such periods such accounts, records of cost-accounting procedures, correspondence, memorandums, papers, books, and other records as the Federal Power Commission may by rules and regulations prescribe as necessary or appropriate for purposes of the administration of this act, including accounts, records, and memorandums relating to the depreciation of property, the generation, transmission, distribution, delivery, or sale of electric energy, the furnishing of services or facilities in connection therewith, and receipts and expenditures with respect to any of the foregoing. In prescribing such rules and regulations, the Federal Power Commission shall, insofar as practicable, establish requirements which are the same as apply to a "public utility" as that term is defined in section 201 of the Federal Power Act (16 U. S. C. 824).

SEC. 10. That paragraph (1) of section 5 of the Tennessee Valley Authority Act (16 U. S. C. 831d (1)) is amended by adding at the end thereof: *"Provided, however,* That as of the beginning of business on the first day of the calendar month in which this act shall become effective, the Corporation shall not (except as may subsequently be specifically authorized by law after the Corporation has submitted to the Congress and the Bureau of the Budget a request for such authorization), make any sales of electric energy except (a) sales to customers purchasing such energy for use for distribution only within the service area of the Corporation, by which is meant the area regularly served during the month of February 1957 with electric power generated by the Corporation, and (b) sales to, or exhanges of electric energy with, any electric utility system having generating capacity sufficient to supply substantially all of its own power requirements and distributing electric energy in areas adjacent to such service areas of the Corporation, but such sales or exchanges shall be made only to the extent necessary to the economic and efficient operation of the facilities of the Corporation."

SEC. 11. Section 10 of the Tennessee Valley Authority Act (16 U. S. C. 831i) is amended by deleting therefrom that portion which reads as follows: *"Provided further,* That the Board is authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of this chapter, and in case the purchaser shall fail to comply with any such terms and conditions, or violate any such rules and regulations, said contract may provide that it shall be voidable at the election of the Board:"; and is further amended by adding at the end thereof the following: *"And provided further,* That all such contracts so made by the Board shall be subject to the jurisdiction of the Federal Power Commission to the same extent as if the Corporation were a 'public utility' as that term is defined in section 201 of the Federal Power Act (16 U. S. C. 824); that no preference granted pursuant to the provisions of this section 10 shall be unduly or unreasonably discriminatory and that, in any event, no purchaser of electric energy sold by the Corporation, other than States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized for profit, but primarily for the purpose of supplying electricity to its own citizens or members, shall be preferred by the Corporation in any way, and that any contract between such a purchaser and the Corporation whereby such purchaser is enabled to acquire electricity at an annual rate per kilowatt-hour lower than the highest annual rate per kilowatt-hour charged by the Corporation to any department or agency of the United States under similar conditions of delivery shall be void."

SEC. 12. That section 29 of the Tennessee Valley Authority Act (16 U. S. C. 831bb) is amended by adding at the end thereof the following: *"Provided, however,* That any revision of rates, charges, classifications, or conditions of service ordered by the Federal Power Commission pursuant to the jurisdiction conferred by this act shall not be deemed to impair the obligation of any contract for the sale of electric energy made by the Corporation, since all such contracts are made subject to the exercise of the inherent power of the Congress to cause any such revision to be effected."

SEC. 13. Paragraph seventh of section 5136 of the Revised Statutes, as amended (12 U. S. C. 24), is amended by inserting after "obligations of the Federal National Mortgage Association," the following: "or bonds, notes, and other obligations of the Tennessee Valley Authority."

SEC. 14. That sections 1, 2, 3, 4, 5, 6, 7, 8, and 9 of this Act are added to the Tennessee Valley Act of 1933 (16 U. S. C. 831 and the following) as sections 32, 33, 34, 35, 36, 37, 38, 39, and 40 thereof.

SEC. 15. The last three paragraphs under the subtitle "Independent Agencies and Corporations" in title II of the Government Corporations Appropriation Act, 1948 (61 Stat. 577), are hereby repealed.

SEC. 16. All Acts or parts of Acts in conflict with this amendatory Act are hereby repealed.

Mr. MARTIN of Pennsylvania. Mr. President, I should like to make a brief explanation of the amendment in the nature of a substitute which I have offered. It is the intention of some Senators between now and January 1, to prepare a bill having the purpose of taking out of the hands of the United States various projects such as the TVA, so that they may be financed locally. Then we may be able to apply the proceeds of their sale to the reduction of the public debt.

It will be absolutely impossible to figure on tax cuts in the near future unless we can keep the budget in balance; and in view of some happenings in the last few days, I am afraid we will not have much of a chance to do that, because it is doubtful if we have cut the President's budget as much as we had anticipated we would. Unless there is a substantial balance in the Treasury, there is no way for us to cut the budget.

So I shall explain what I have in mind by offering my bill as an amendment in the nature of a substitute.

It would authorize the TVA to sell $750 million in bonds to finance new construction, with the restriction that the bond proceeds shall be used as directed by Congress.

The terms and conditions of the bonds issued would be subject to review by the Treasury Department.

The bonds would not be obligations of the Federal Government.

The terms of the bonds would be for not more than 50 years, and they could be sold by negotiation or competitive bid.

The bonds would be lawful instruments, and would be acceptable as security for fiduciary and public funds of the Federal Government.

The TVA would be required to charge just and reasonable rates, as determined by the Federal Power Commission; and TVA would be subject to FPC regulation.

In determining just and reasonable rates, the Federal Power Commission would take into account operation, maintenance, administrative costs, depreciation, payment of State and local taxes, Federal income taxes, and a reasonable return on the appropriation investment, including the accumulated net income.

Yearly payments would be made into the Treasury to repay the Government investment.

The amendment would prohibit the use of power revenues, except as approved by Congress.

It would subject the TVA to taxation on the same basis as other enterprise.

It would limit the TVA's service area to that served as of February, 1957.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a statement which I made and which appears on page 108 of the hearings on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR EDWARD MARTIN, OF PENNSYLVANIA, UPON INTRODUCTION OF A BILL TO FINANCE TVA

A bill requiring the Tennessee Valley Authority to pay interest on the Federal investment in its power facilities, to pay Federal income taxes on its earnings as well as State and local taxes and to place its rates under regulation by the Federal Power Commission was introduced in the Senate today by Senator MARTIN, Republican, of Pennsylvania.

The bill would authorize TVA to finance future expansion, as approved by Congress, by the issuance of revenue bonds, not to exceed $750 million outstanding at any one time. It would also limit TVA to its present service area.

In explaining the purposes of the bill Senator MARTIN contended that the power business of TVA has advanced to a position where it no longer needs a subsidy from the taxpayers of the United States for its successful

operation. He asserted that one of the principal objectives of his bill is to place TVA on an equal footing with other business enterprises, subject to the same rules that Congress makes and enforces for private business, without any preferential treatment.

The Pennsylvania Senator placed in the CONGRESSIONAL RECORD a tabulation showing the proportionate share borne by each State of the funds appropriated and property transferred to TVA from its beginning in 1934 through 1956. The total, he pointed out, is nearly $2 billion of which, he said:

"The people of my State, Pennsylvania, have furnished over $147 million—almost six times as much as Tennessee's less than $25 million." Senator MARTIN suggested that each member of the Senate would be interested to see the share which the people of his State have contributed.

Addressing the Senate, Senator MARTIN said the most serious situation confronting the American people is "the astronomical size of the Federal budget and the unbearable burden of taxes necessary to support it."

"I am convinced," he continued, "that the only way the tremendous burden of taxes now carried by our people can be lightened and the budget reduced with safety to our national security, is to take up the various spending agencies, one by one, and examine their every aspect with care and good judgment. The purpose of this study should be to devise ways and means of getting these activities off the backs of the taxpayers, and at the same time advance the worthy purposes of the agencies.

"In like manner the various sources of tax and other revenues of the Treasury should be examined with equal care and good judgment. We should see to it that taxes are levied equitably and that revenues from business and quasi-business operations conducted by various agencies of the Federal Government are adequate to cover all the costs incurred.

"We have had, and still have, before the Congress an example of a Federal undertaking that should be examined in the manner I have described to see what adjustments can be made for the benefit of both the taxpayers and the section of the country directly affected by the agency.

"I am speaking about the Tennessee Valley Authority.

"The problem of financing the continued expansion of TVA's electric operation assumes alarming proportions when viewed against a backdrop of Congressional appropriations and transfers of property over the years, now aggregating nearly $2 billion. An extensive construction program, reaching indefinitely into the future, threatens to use up more and more funds supplied by our citizens everywhere by way of the Federal tax route.

"Today, with the urgent budget situation confronting us, it is even more essential to resolve the problem in the best interest of all of our citizens.

"Let me hasten to point out that this does not mean that TVA is to be done away with or that I am here advocating such a step. But it does seem to me that we must all agree that TVA as it stands today has developed far beyond and in many respects has become quite a different undertaking than what was originally contemplated when the TVA Act was passed almost a quarter century ago. I think, too, that we must give practical consideration to the facts as they presently exist and find a sound and realistic solution to the problem of supplying the power needs of the TVA area—in terms of adequate service to the people within the TVA area as it now stands; in terms of necessary facilities to provide such service, and in terms of financing the required facilities by appropriate measures under Congressional control so as to take care of fairly the beneficiaries of TVA service and, at the same time. to protect fully the taxpayers of the country.

"Any bill affecting TVA should continue and strengthen the control of the Congress over this vast business undertaking; not lessen or surrender it. The people of this country have every right to expect the Congress to safeguard their interests in this matter.

"Customers of TVA should contribute, through their bills for electric service, their fair share of taxes, not only at the State and local level but at the Federal level as well. To the extent that, as part of the business operations of the Nation, TVA escapes contributing its fair share, its customers are being subsidized, and the taxpayers of the country are making up the deficiency in addition to their proper share.

"Another serious defect in the TVA Act as it now stands has become increasingly apparent in recent years. Under the act, the Authority is not required to pay interest on any part of the investment of Federal funds in the TVA project.

"In my judgment, there should be a study of the rates, contracts, and allocations of TVA, and the responsibility should be placed in the Federal Power Commission. The Commission is qualified. It is the only agency of the Federal Government having complete and continuing records and information, from which sound conclusions can be reached consistent with the directives of Congress.

"For the reasons I have just outlined, I have prepared a bill which will take the TVA off of the backs of the taxpayers, and provide a means by which the future power needs of the area can be fully met without undue burdens being imposed on local power users. This bill would—

"1. Strengthen the control of the Congress over TVA and its operations;

"2. Limit the TVA to its present service area;

"3. Bring badly needed revenues to the United States Treasury and to local taxing bodies;

"4. Protect the interest which the Federal taxpayers now have in the undertaking;

"5. Remove TVA from the political arena;

"6. Permit TVA, under strict regulations by the Congress to issue bonds to provide new facilities, thus giving to the TVA area an assured means of carrying out needed expansion programs without appropriations by the Congress;

"7. Leave TVA in an extremely favorable competitive position;

"8. Give to TVA's customers the protection of Federal Power Commission regulation;

"9. Take an important and constructive step toward meeting the present critical budget and tax situation that confronts us."

Proportionate share of States in TVA appropriations of $1,977,500,000 (includes $45,200,000 of transfers of property from beginning) in fiscal year 1934 through fiscal year 1956

[In millions of dollars]

Alabama	$20.4
Arizona	7.7
Arkansas	11.3
California	172.8
Colorado	18.6
Connecticut	35.0
Delaware	9.1
Florida	27.9
Georgia	26.9
Idaho	5.7
Illinois	150.9
Indiana	46.5
Iowa	27.5
Kansas	21.2
Kentucky	21.6
Louisiana	22.3
Maine	8.1
Maryland	36.8
Massachusetts	66.2
Michigan	102.0
Minnesota	34.0
Mississippi	$11.1
Missouri	52.0
Montana	6.5
Nebraska	16.0
Nevada	2.8
New Hampshire	5.5
New Jersey	67.8
New Mexico	4.9
New York	294.1
North Carolina	29.7
North Dakota	5.3
Ohio	120.0
Oklahoma	21.0
Oregon	19.6
Pennsylvania	147.3
Rhode Island	10.7
South Carolina	13.6
South Dakota	5.7
Tennessee	24.7
Texas	84.0
Utah	6.7
Vermont	3.4
Virginia	29.3
Washington	31.8
West Virginia	15.6
Wisconsin	40.8
Wyoming	3.4
D. C. and possessions	29.9
Total TVA appropriations including transfers of property, fiscal year 1934 through fiscal year 1956	1,977.5

NOTE.—Proportionate shares borne by each State based on allocation of the Federal tax burden among the States and possessions as calculated by the Council of the State Chambers of Commerce and averaged for the fiscal years 1949 through 1956.

Mr. MARTIN of Pennsylvania. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment in the nature of a substitute offered by the Senator from Pennsylvania is withdrawn.

The bill is open to further amendment.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Morton
Allott	Green	Mundt
Anderson	Hayden	Murray
Barrett	Hickenlooper	Neuberger
Beall	Hill	O'Mahoney
Bennett	Holland	Pastore
Bible	Hruska	Potter
Bricker	Humphrey	Purtell
Bush	Ives	Revercomb
Butler	Jackson	Russell
Byrd	Javits	Saltonstall
Carlson	Jenner	Schoeppel
Case, N. J.	Johnson, Tex.	Scott
Case, S. Dak.	Johnston, S. C.	Smathers
Chavez	Kefauver	Smith, Maine
Church	Kerr	Smith, N. J.
Clark	Knowland	Sparkman
Cooper	Kuchel	Stennis
Cotton	Langer	Symington
Curtis	Long	Talmadge
Dirksen	Magnuson	Thurmond
Douglas	Mansfield	Thye
Dworshak	Martin, Iowa	Watkins
Eastland	Martin, Pa.	Wiley
Ellender	McClellan	Willliams
Ervin	McNamara	Yarborough
Flanders	Monroney	Young
Goldwater	Morse	

The PRESIDING OFFICER. A quorum is present.

Mr. WILLIAMS. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, in line 4, after the word "bonds", it is proposed to strike out the period and to insert the following:

Provided, That any bonds issued by the Corporation must be included as a part of the national debt.

Mr. WILLIAMS. Mr. President, I have talked to the Senator from Tennessee about this amendment. I understand that he will not object too strenuously to it.

Mr. KERR. Mr. President, will the Senator from Delaware yield to me?

Mr. WILLIAMS. I yield.

Mr. KERR. I should like to ask a few questions. I wish to say that I shall object strenuously to the amendment, because I think the Senator from Delaware is trying, by means of the amendment, to make certain that the bill will be vetoed.

Mr. WILLIAMS. Mr. President, I shall explain the amendment.

I may say that several days ago, when the Under Secretary of the Treasury, Mr. Burgess, was testifying before the Finance Committee, he endorsed this proposal, although I do not think he was speaking from the standpoint of a spokesman for the administration.

The amendment provides that the bonds, the TVA issues, shall be counted as a part of the national debt. Why should they not be? They will be obligations of the United States Government. The fact is that the United States has in the TVA plant an investment of $1,137,000,000; and if the bill is passed, the Board of Directors of the TVA will be authorized to borrow $750 million, and, it is my understanding they can commit not only the new plants which will be constructed with the proceeds of the $750 million bond issue, but also the $1,137,000,000 investment which the Government now has in the facilities of the TVA.

If the Board of Directors of the TVA are to be given the right—without any obligation so far as the Government is concerned—to mortgage the $1,137 million plant of the TVA, to pledge all of the assets of the TVA in guaranteeing the payment of the $750 million of bonds, the bonds should be counted as a part of the national debt.

In my opinion, the bonds proposed to be issued will be obligations as solemn obligations of the Government of the United States as any bonds issued directly in the name of the United States. Certainly the Government would not allow the bonds to be forfeited, and thereby lose a plant in which $1,137 million has been invested.

Unless we can have a clear understanding otherwise these assets can be pledged.

And if these bonds are issued, I think they should be counted as a part of the debt of the National Government.

The national debt amounts approximately to $275 billion; and included in the assets of the United States Government is the $1,137,000,000 which the United States has in the past years spent in building the TVA plant. That plant has been built with borrowed money, money owed by the United States Government.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. KERR. The Senator from Delaware has said the Under Secretary of the Treasury, Mr. Burgess, endorsed the Senator's proposal.

In the first place, Mr. Burgess is now the United States Ambassador to NATO.

Mr. WILLIAMS. He will be when he relinquishes his present post, although recently he has been testifying before the Finance Committee in his capacity as Under Secretary of the Treasury.

Mr. KERR. That is true. But has he not been nominated as the Ambassador of the United States to NATO?

Mr. WILLIAMS. Yes, he has. However, he is still qualified to speak on the basis of the experience he gained while he was serving in the Treasury Department, as I think the Senator from Oklahoma will agree.

Nevertheless, Mr. President, it is my personal opinion that if these bonds are to be issued, they should be counted as a part of the national debt unless we can have a clear understanding that the existing assets of the TVA are not to be pledged as collateral.

Mr. President, I yield the floor.

Mr. KERR obtained the floor.

Mr. KUCHEL. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. Mr. President, I shall be glad to yield to the Senator from California.

Mr. KUCHEL. Mr. President, I appreciate the courtesy of the Senator from Oklahoma, particularly because of the fact that in a few minutes I shall be called from the Chamber.

Mr. President, although in most instances I am able to agree with my friend, the Senator from Delaware, yet in the present instance I am almost shocked by the explanation he has given of his amendment.

I believe it was 2 or 3 years ago that some of us on this side of the aisle, particularly, were interested in a great, new highway program in the United States; and—in part because the administration had requested it—we were urging the Senate and the House of Representatives to pass a bill under which there would be created a new corporation which would have the right to issue revenue bonds. The point was made, and was reiterated on this floor, in connection with the debate on that subject, that one of the reasons why it was in the public interest to have that bill enacted was that those revenue bonds would not be classed as a part of the public debt. I believed that to be true then; I believed it was a sound theory with respect to the proposal the administration had sent to Congress for its consideration. I believe logic requires us to take a similar position in the present instance.

In no sense can these bonds be deemed, from either a legal or a practical standpoint, obligations of the Government of the United States. The Tennessee Valley Authority was created by the Congress. The reason why this bill has an appeal to some of us who intend to vote for it is that it permits the Tennessee Valley Authority, through the issuance of revenue bonds, to continue to meet the expanding requirements for power in its area.

Finally, Mr. President, let me say that I desire to pay my respects to the senior Senator from Oklahoma [Mr. KERR]. I am a member of the Public Works Committee. I sat in the committee under his leadership, in connection with the committee's consideration of this measure, which has been reported from the committee; and I also sat under his leadership when the committee was considering the Niagara bill, which I hope will be under consideration on the floor of the Senate in the next few days. I wish to say that the Senator from Oklahoma performed a completely unselfish chore in assuming the responsibility of leadership on this bill and also on the Niagara bill, which, as I have said, will soon be before the Senate.

So I pay my respects to the senior Senator from Oklahoma; and the action of the Senate in passing the bill later this evening—as I am sure the Senate will do—will be a tribute to the legislative ability of the distinguished senior Senator from Oklahoma.

Mr. CASE of South Dakota. Mr. President, at this point will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. CASE of South Dakota. Mr. President, I should like to join in what the Senator from California [Mr. KUCHEL] has said regarding the leadership the Senator from Oklahoma [Mr. KERR] provided in steering the bill through the hazardous course which necessarily must be taken by a bill of this type. Such a bill encounters sharp divergences of opinion, and many shadings of opinion are found.

This basic proposal is before the Congress because the President of the United States in his budget message for the fiscal year 1956—two years ago—pointed out that the Tennessee Valley Authority was giving attention to the possibilities of financing further expansion of its power system by means other than Federal appropriations. At that time the President said:

> The Authority has been requested to complete its studies in time to permit consideration by the Congress at this session of any legislation that may be necessary. It is expected that the power needs for the system will be reexamined after the Congress has had an opportunity to consider legislation to provide for future financing.

The Congress did not complete the legislation during the time following that budget message or during that year.

The committee held hearings in 1955, as well as this year.

In the President's budget message for the fiscal year 1958—the year we are now in—he again said:

> Legislation is recommended to authorize the TVA, subject to regular budgetary review, to finance new generating facilities by the sale of revenue bonds.

I do not suppose this bill, as is true of most other important pieces of proposed

legislation, meets in every particular the exact desire of everyone who had anything to do with it; but it represents a definite step forward, and it is definitely in the direction of the goal recommended by the President of the United States.

So far as the Senator from South Dakota knows, from anything that occurred during the extended hearings or the action on the bill, the Senator from California is well justified in saying the work which the Senator from Oklahoma has given is utterly unselfish. I hope the bill will be passed by an overwhelming vote.

Mr. CASE of New Jersey. Mr. President, will the Senator yield so I may ask a question of the Senator from South Dakota?

Mr. KERR. I yield for that purpose.

Mr. CASE of New Jersey. Will the Senator tell me if I am correct in thinking that there has been no disagreement among the members of the committee over the need for additional power in the area presently served by the TVA, and that the essential question is how the expansion is to be financed—by appropriations, which necessarily mean a burden on taxpayers, or by giving TVA authority to raise the necessary funds through the issuance of bonds up to an amount of $750 million?

Mr. CASE of South Dakota. I think there can be no question about that. General Vogel testified for the Tennessee Valley Authority and was definite in his statement as to the need for additional facilities within the service area of the Tennessee Valley Authority. Representatives of the Bureau of the Budget did not dispute that point. The figure of $750 million grew out of the estimates provided by representatives of the Bureau of the Budget and the Tennessee Valley Authority as to probable capital needs for meeting the requirements of the area during the next six or seven years.

Mr. CASE of New Jersey. If the Senator will yield for one more question, am I correct in assuming that in the view of the Senator from South Dakota, with the restrictions as to territorial limits of TVA, and as to the total amount of bonds that can be issued, and the opportunity for Congressional review of particular projects in addition to the normal budgetary review, the provisions of the bill would maintain a reasonable degree of control in the Government, and at the same time provide a way to meet the problem economically and efficiently?

Mr. CASE of South Dakota. I think it would. If the Tennessee Valley Authority wants to go beyond the authority of the bill, it can come to the Congress for definite approval.

Mr. CASE of New Jersey. Personally, I welcome the opportunity to relieve the general taxpayer of the burden of appropriations for expansion of TVA power capacity, and this proposal appears to me to be a reasonable and a fair way to accomplish that objective.

Mr. CHAVEZ. Mr. President, as Chairman of the Committee on Public Works, I was happy to report the bill, especially when I knew how earnestly the Senator from Oklahoma [Mr. KERR] had devoted his efforts to the bill. I was proud of the fact that he was chairman of the subcommittee. For days and days, the subcommittee held hearings. I do not know of anyone, in his economic position, who would have worked half so hard as did the Senator from Oklahoma. I am proud of the fact that he is a member of the Committee on Public Works, and I am proud of the fact that he was the one who really bore the burden of the work in preparing a bill which I think meets the needs of the TVA. I wish to join the Senator from California and the Senator from South Dakota in paying my respects to the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield 5 minutes to myself.

I want to say I have agreed with much of what the Senator from California and the Senator from South Dakota and the Senator from New Mexico have said. I shall not publicly disagree with anything they have said. However, I feel it is barely possible that their kindness might become a psychological barrier in the minds of some of our colleagues when we want their minds entirely devoted to the evidence on the bill. I could not express my appreciation to them sufficiently.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Nebraska.

Mr. CURTIS. With regard to the bonds, once they are issued, are the physical assets of the Tennessee Valley Authority liable at all for their payment?

Mr. KERR. The Senator is correct.

Mr. CURTIS. I asked a question. I did not state a fact. Are they?

Mr. KERR. The revenues are.

Mr. CURTIS. The physical assets are liable for the payment of the bonds?

Mr. KERR. The Tennessee Valley Authority is being authorized to issue bonds. Under the amendment of the Senator from South Dakota, the Authority is required to discuss maturity dates and interest rates with the Secretary of the Treasury. The Secretary will have the responsibility of making recommendations to the Tennessee Valley Authority on those questions. The Senator from Oklahoma assumes that not only the revenue from facilities which will be built with the funds secured by the sale of the bonds, but also the revenues from facilities already built, will be security for the bonds and the interest.

Mr. CURTIS. In other words, the bonds are secured not only by the revenues but by all the assets of the TVA?

Mr. KERR. That would depend on the language of the bonds.

Mr. CURTIS. What is the intent of Congress? That is what I want to know.

Mr. KERR. The language in the bill authorizes the Tennessee Valley Authority to issue the bonds and provide the terms of the bonds, in consultation with the Secretary of the Treasury.

Mr. CURTIS. Then, the Congress is leaving it to the Executive to determine what is pledged to pay the bonds?

Mr. KERR. Under the bill, the Authority will have the right to pledge net power proceeds, as defined in the bill, as security for the bonds.

Mr. CURTIS. The language of the bill, then, is merely a direction as to procedure and accounting, and not a limitation on the security of the bonds? I refer to page 3, lines 7 to 9:

The principal of——

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CURTIS. I should like to complete my question, if I may.

Mr. KERR. From what page is the Senator reading?

Mr. CURTIS. Page 3, lines 7 to 9, of the bill.

The principal of and interest on said bonds shall be payable solely from the Corporation's net power proceeds as hereinafter defined.

Is that a limitation on security for bonds or is that merely a direction for procedure and accounting?

Mr. BUSH. Mr. President, will the Senator yield?

Mr. KERR. If the Senator will wait a moment, I should like to read the language in the bill, so as to better answer the Senator from Nebraska.

I think the language of the bill is perfectly clear. If the Senator would like to have me do so, I shall read it.

The principal of and interest on said bonds shall be payable solely from the Corporation's net power proceeds as hereinafter defined.

Mr. CURTIS. Then the Senator's statement, made a while ago——

Mr. KERR. Let us read what follows "as hereinafter defined."

Mr. CURTIS. Very well.

Mr. KERR.—

Net power proceeds are defined for purposes of this section as the remainder of the Corporation's gross power revenues after deducting the costs of operating, maintaining, and administering its power properties (including costs applicable to that portion of its multiple-purpose properties allocated to power) and payments to States and counties in lieu of taxes but before deducting depreciation accruals or other charges representing the amortization of capital expenditures, plus the net proceeds of the sale or other disposition of any power facility or interest therein, and shall include reserve or other funds created from such sources. Notwithstanding the provisions of section 26 of this act or any other provision of law, the Corporation may pledge and use its net power proceeds for payment of the principal of and interest on said bonds, for purchase or redemption thereof, and for other purposes incidental thereto, including creation of reserve funds and other funds which may be similarly pledged and used, to such extent and in such manner as it may deem necessary or desirable. The Corporation is authorized to enter into binding covenants with the holders of said bonds—and with the trustee, if any—under any indenture, resolution, or other agreement entered into in connection with the issuance thereof (any such agreement being hereinafter referred to as a "bond contract") with respect to the establishment of reserve funds and other funds, provisions for insurance, charges for supply of power, application and use of net power proceeds, restrictions upon the subsequent issuance of bonds or the execution of leases or lease-purchase agreements relating to power properties, and such other matters, not inconsistent with this act, as the Corporation may deem necessary or desirable to enhance the marketability of said bonds. The issuance and sale of bonds by the Corporation and the expenditure of

bond proceeds for the purposes specified herein, including the addition of generating units to existing power-producing projects and the construction of additional power-producing projects, shall not be subject to the requirements or limitations of any other law: *Provided, however,* That, except with the approval of the President during a period of national defense emergency hereafter declared by the President or by the Congress, no such bond proceeds, nor any power revenues, shall be used to initiate the construction of an additional power-producing project until—

And then the provisions with reference to that are set forth.

As to the giving of a specific mortgage lien on a generating facility, which would permit the bondholders to take possession of it, I do not think that is provided in the bill. But in view of the fact that the reserve fund, or the sinking fund, is created from power revenues as a charge-off on amortization and depreciation, and in view of the fact that if the Corporation sells any of the facilities which it has acquired with these moneys the proceeds of the sale are answerable for the payment of the bonds and the interest, I should say to the Senator that the lien which will be sold will not only be with reference to the revenues and the depreciation and amortization funds but also with reference to the proceeds from the sale of any facility, and, in the final analysis, will constitute in a very considerable degree to a lien on the assets of the Corporation.

Mr. CURTIS. If the Senator will yield further, I wish to continue to read where the Senator stopped, page 5, lines 7 to 10:

(b) Bonds issued by the Corporation hereunder shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the United States.

I agree with all of that. I am not finding fault with the bill. What I think the RECORD ought to show—and I want to make it clear—is that payment of these bonds is limited to the revenue as defined in the bill.

Mr. KERR. To the revenue, income, proceeds, whether derived from the sale of power or the sale of assets.

Mr. CURTIS. But as defined in the bill.

Mr. KERR. It is defined in the bill. That is what the Senator from Oklahoma just read.

Mr. CURTIS. Yes. That refers to a situation when the TVA might sell its own property.

Mr. KERR. Yes, sir.

Mr. CURTIS. It does not refer to a bondholder selling property?

Mr. KERR. The Senator is correct.

Mr. CURTIS. So it is true that the only thing which is pledged for the bonds, or authorized to be pledged, is the net proceeds as defined, which would include the sale of assets if the TVA decided to sell them.

Mr. KERR. Of course, before I could answer that question, I will say to the Senator, I would have to understand what the Senator meant by "net proceeds."

Mr. CURTIS. That is defined in the bill.

Mr. KERR. As I understand it, not only profit above depreciation is available for the payment of these bonds, but also the item in the bookkeeping account referred to as depreciation.

Mr. CURTIS. That comes from net proceeds.

Mr. KERR. I would say that ordinarily a depreciation charge is made on an account before arriving at the amount of net proceeds.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. CURTIS. It represents earnings, anyway.

Mr. KERR. Income from the sale of power.

The PRESIDING OFFICER (Mr. MORSE in the chair). The time of the Senator from Oklahoma has expired.

Mr. KERR. I yield myself an additional 5 minutes.

Mr. CURTIS. Are we in agreement that the bonds are not secured by the physical assets of the Tennessee Valley Authority, unless it be an asset which the TVA voluntarily sells?

Mr. KERR. I say that there is no lien on the physical assets of the Corporation.

Mr. WILLIAMS. Mr. President, will the Senator yield to me at this point?

Mr. KERR. But if the Corporation sells the assets, then the proceeds of the sale are available for payment of the bonds.

Mr. REVERCOMB and Mr. WILLIAMS addressed the Chair.

Mr. KERR. I will yield to the Senator from West Virginia at this point.

The PRESIDING OFFICER. The Senator from Oklahoma yields to the Senator from West Virginia.

Mr. REVERCOMB. I will say to the Senator that I have listened with interest to the limiting language which the Senator from Nebraska has very pointedly read.

I will ask the Senator from Oklahoma if the payment of the interest on the bonds and the payment of the bonds is not limited to the net income of the TVA in order to make it clear that the credit of the United States is not behind these bonds? Is that not the purpose of it?

Mr. KERR. That is one of the purposes. Certainly it was the purpose of those of us who wrote the bill to make it very clear that these bonds were not obligations of the United States Government.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. REVERCOMB. Is that not the main purpose of the limiting language, to show that the bonds are not an obligation of the United States and the United States is in no way responsible for the payment of interest or principal on the bonds?

Mr. KERR. That is certainly the specific purpose of the language beginning on page 5, line 7.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Delaware.

Mr. WILLIAMS. I might say to the Senator from Oklahoma, with that understanding I shall not press the amendment, because it was my understanding that the existing assets of the TVA could be pledged as collateral for the payment of these bonds. If we have an understanding that the existing assets cannot be pledged for payment of the bonds, but that the bonds will be backed only by the assets acquired with the revenue from the bonds or the revenue derived from the sale of power thereof I will withdraw my amendment.

Mr. KERR. I thank the Senator.

Mr. WILLIAMS. I should like to have that assurance.

Mr. KERR. I will say that I should like to have the Senator from South Dakota [Mr. CASE] and the Senator from Tennessee [Mr. GORE], who have worked with me on the bill, advise me if I am correct when I say to the Senator that the present assets of the corporation cannot be made subject to a lien by these bonds.

Mr. CASE of South Dakota. If the Senator will yield to me, that is certainly my understanding. I have been reading the bill through, trying to find some statement to the contrary, and I have not been able to find one.

I think it is true that where revenue bonds are issued, if one liquidates a physical facility which was purchased by the proceeds from those bonds, is liquidated and its earning capacity destroyed, then good faith requires that the bondholders be taken care of by the sale of the facility purchased with the proceeds of the bonds.

What is pledged here is the earning capacity of the facilities provided.

Mr. WILLIAMS. Mr. President, will the Senator yield at that point?

Mr. CASE of South Dakota. I yield.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. KERR. Mr. President, I yield for the purpose of permitting the Senator from Delaware to ask a question of the Senator from South Dakota.

Mr. WILLIAMS. The Senator said that the assets could be sold for the payment of the bonds. Is my understanding correct that the Senator is speaking of the physical assets which are built or constructed with the proceeds from the sale of the bonds?

Mr. CASE of South Dakota. With the proceeds from the sale of the bonds.

Mr. WILLIAMS. The question I want clear is this: Can the existing physical assets of the TVA be pledged as collateral for these bonds?

Mr. KERR. The physical assets cannot be. Revenues from them can be.

Mr. GORE. Mr. President, that is made very plain on page 3, line 7:

The principal of and interest on said bonds shall be payable solely—

I emphasize "solely"—

from the corporation's net power proceeds as hereinafter defined.

The Senator from Oklahoma read the definition.

Mr. WILLIAMS. Mr. President, with the understanding which we have here, namely, that the granting of the authority to issue bonds does not in any way extend the authority of the corporation to pledge the existing assets of the TVA system in payment of those bonds, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. COOPER. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. Mr. President, I yield myself 3 minutes on the bill, and I yield to the Senator from Kentucky.

Mr. COOPER. I had the opportunity to sit in at several sessions of the hearings on the financing bills which were considered by the committee, including S. 1869. I think the Senator will agree with me that it was always considered in the subcommittee, that the bonds issued by the corporation would be a general obligation of the United States, but would be revenue bonds.

Mr. KERR. The Senator is eminently correct. Every safeguard we could think of was thrown around that principle in the bill.

Mr. COOPER. Subsection (b), page 5, reads as follows:

> Bonds issued by the Corporation hereunder shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the United States.

I make the further point that if there is no primary obligation on the part of the United States to pay the bonds—and upon that we agree—certainly the property owned by the United States could not be charged with payment of the bonds—that is, the assets of the TVA corporation, whatever they may be could not be charged with their obligation.

The only exception, as has been pointed out by the Senator from Oklahoma, is if assets are sold—and I assume they would be facilities built from the proceeds of the bonds—the revenue derived from the sale of such assets would, of course, be applied in payment of the bonds.

Mr. KERR. Payment of the bonds which had been issued and sold to buy the facilities.

Mr. COOPER. That is the only exception.

Mr. KERR. The Senator is correct.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WATKINS. Mr. President, I desire to speak on the bill.

Mr. KNOWLAND. Mr. President, I have 20 minutes. I wonder whether the Senator intends to offer an amendment. If not, perhaps he would not object to the third reading of the bill at this time.

Mr. WATKINS. I have no amendment to offer.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. KNOWLAND. Mr. President, I yield 20 minutes on the bill to the distinguished Senator from Utah.

Mr. WATKINS. Mr. President, I rise in opposition to the bill. I am sure that my position will not result in the change of any votes. I am not deceiving myself in that respect. I am making this statement tonight to be consistent with the position I have previously taken, which I believe will be a position in the long-range interest of the Tennessee Valley area and of the people of all the rest of the United States.

My opposition should not be construed to mean that I am opposed to resource development in the Tennessee River Basin, nor that I am opposed to the principle of basinwide water resource planning and comprehensive development. Quite the opposite is true. As my colleagues know, I have been fighting for basinwide water resource planning and comprehensive river development ever since I came to Congress, and I intend to consistently fight for this principle in all the river basins of the country so long as I am in this body.

My opposition to this measure arises from these basic objections:

First. Its need has not been successfully established.

Second. It proposes a radical new policy of approving revenue bond financing for Federal Government agencies to produce power, an area where the sky is literally the financial limit.

Third. It proposes a radical change in water resource development policy that cannot be applied in other river basins of the country without jettisoning policies that have been in effect a half century and without creating billions of dollars of additonal expense and untold billions of dollars of additional financial commitments for the Federal Treasury.

For these reasons, I supported the motion to recommit the bill for additional study by the committee.

I shall discuss my objections briefly, in order.

First. I have seen many assertions of the need for this authority. From these expressions, one would assume that the development of new power production facilities at TVA had come to an abrupt end. That is not the case.

The Comptroller General has informed me that the TVA has tripled the capacity of its power system in the last 6 years—adding 5,780,200 kilowatts of new capacity—largely by the construction of new steam-generating plants.

Furthermore, at June 30, 1956, TVA had 10 additional steam-generating units with a capacity of 1,800,000 kilowatts under construction or authorized for construction. This new capacity is roughly two-thirds of the total TVA capacity on June 30, 1951.

This means that TVA, under existing authority, has been adding new steam capacity since 1951 at an average rate of roughly 1 million kilowatts a year.

This new capacity—more than 6 times the initial installed capacity of the proposed high Federal dam at Hells Canyon—has been put into operation both by direct appropriation and by the corporation's own use of its power revenues.

Now the supporters of this development are coming forward with the complaint that this tripling of capacity in 6 years is not sufficient—that $750 million in revolving revenue bonding authority is needed to keep up with the growth in the area.

In view of the tremendous expansion already made under existing authority, I feel that it is incumbent upon the Congress to assure itself that current expansion needs cannot be met from existing authority before we embark on a new program with an authorization broader than anything yet considered in the resource development field.

I ask unanimous consent to have printed in the RECORD at this point a statement and a table prepared by the Comptroller General which shows TVA system capacity growth in the period from 1951 through fiscal 1956.

There being no objection, the statement and table were ordered to be printed in the RECORD, as follows:

Exhibit 1

TENNESSEE VALLEY AUTHORITY

Tennessee Valley Authority is a wholly owned Government corporation created by the Tennessee Valley Authority Act of 1933 (16 U. S. C. 831) for the general purpose of providing for the unified development of the Tennessee River system, including flood control in the Tennesssee River and Mississippi River basins; navigation on the Tennessee River; generation of power consistent with flood control and navigation; reforestation and the proper use of marginal lands, and agricultural and industrial development of the Tennessee Valley; operation of Government power and chemical properties at and near Muscle Shoals, Ala.; and the economic and social well-being of the people living in the Tennessee drainage basin and adjoining territory.

In its power operations, TVA is both a wholesaler and a retailer of electric power, operating an integrated system of generating plants connected by high-voltage transmission lines. TVA wholesales power to 98 municipal and 51 cooperative systems and to 2 small private utilities; they, in turn, distribute the power to the ultimate consumers. TVA sells power directly to 25 major commercial and industrial power consumers and to 8 Federal agencies. One of the most significant aspects of TVA's power operations in recent years has been the tremendous increase in sales to Federal agencies. In fiscal year 1956, approximately 57 percent of TVA's total energy sales were to Federal agencies; nearly all of this energy was supplied to the Atomic Energy Commission.

To meet the ever-growing demand for firm power, particularly the power demands of the Atomic Energy Commission, TVA has added rapidly to its generating capacity during the 5-year period ended June 30, 1956. The following table shows the tremendous growth in TVA's generating capacity during this period. Over 90 percent of the added capacity was steam plant capacity.

	Total	Hydro-electric	Steam
Installed kilowatt capacity of Authority-owned plants at June 30, 1951	2,692,050	2,220,500	471,550
Constructed capacity placed in operation in fiscal year:			
1952	501,300	51,300	450,000
1953	1,146,700	201,700	945,000
1954	946,000	158,500	787,500
1955	1,723,500	36,000	1,687,500
1956	1,469,500	74,500	1,395,000
Total	5,787,000	522,000	5,265,000
Less retirements in fiscal years 1952 and 1954	6,800		6,800
Increase in capacity during period	5,780,200	522,000	5,258,200
Installed kilowatt capacity of Authority-owned plants at June 30, 1956	8,472,250	2,742,500	5,729,750

The 5,787,000 kilowatts of capacity placed in operation during the 5-year period has more than tripled the capacity of all TVA-owned plants at June 30, 1951.

At June 30, 1956, TVA had 10 additional steam-generating units with a capacity of 1,800,000 kilowatts under construction or authorized for construction.

Source: Report of Comptroller General to Senator ARTHUR V. WATKINS, May 1957.

Mr. WATKINS. Second, S. 1869 proposes a radically new program of revenue bonding authority for a Federal Government agency.

The Tennessee Valley Authority is a wholly owned Government corporation created by the Tennessee Valley Authority Act of 1933.

No one has denied the nature of this Federal corporation since its creation in 1933.

However, we are now asked to approve a bill authorizing this wholly owned Government corporation to issue revenue bonds to build an almost unlimited number of steam power plants and other facilities.

Yet, in spite of this background, and in spite of the fact that the bill's sponsors assure us that the title to the facilities will vest in the Federal Government upon liquidation of the bonds, we are asked to pass a measure containing this denial of Federal responsibility:

Bonds issued by the Corporation hereunder shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by the United States.

This language is a change in the Tennessee Valley Authority Act as included in this bill under consideration.

I wonder how many Members of this body seriously feel that these bonds would not be obligations of the United States. Of course they would. Notwithstanding all that has been said here tonight, I still have the belief that in the end the United States will have responsibility, to a certain extent, for the payments of these bonds if the TVA gets into trouble, if the revenues are not sufficient to pay them off.

If this method of diversionary financing is appropriate for TVA, then it should be equally appropriate for other government agencies. Perhaps we are stumbling on to a new method of providing a vast amount of new Federal facilities, without direct appropriations and with no concession of Federal responsibility for the financial obligations involved.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. JAVITS. I believe the point the Senator is making about the new way of handling these problems is very wise. I interrupt the Senator only to emphasize it and to point out that that is what is happening. We are trying it in New York, and people in other areas are thinking in these terms, knowing that other Members feel so strongly about Federal financing in situations where they feel the areas do not have the resources or the credit standing. I believe it helps them, because if we take the strain off the totality of what is required of the United States, we make it easier for the building of projects which truly deserve that kind of help.

Of course, I shall support the bill now before the Senate.

Mr. WATKINS. I thank the Senator for his comment.

People say we need a second Panama Canal; therefore, all we have to do is to authorize the Panama Canal Company to utilize current revenues of the canal and issue revenue bonds to construct the new canal.

The Congress has created the St. Lawrence Seaway Development Corporation. Why do we not authorize this Government agency to issue revenue bonds to build steam plants and possibly even to build a new fleet of barges and other ships to ply the seaway upon its completion?

And if we really want to go hog wild on this new type of authorization, we could commission the Inland Waterways Corporation to issue revenue bonds to build new locks, bridges, and barge lines, and thereby save the Congress the bother of appropriating funds for navigation on our inland waterways.

We have many Government corporations and many opportunities to build new facilities without Congressional appropriation, merely by the exercise of such a grant of revenue bonding authority.

We can see where this would lead us. Hence, let us give this measure a little additional consideration. This we refused to do this evening when we defeated the motion to recommit.

Third. Passage of this act would mean ignoring policies which have been in effect for a half century in other river basins of the country.

When the State of Texas, for instance, comes to Congress to urge authorization of a much-needed comprehensive water resource program for that great State, the projects adopted will be largely reimbursable in nature. And where revenue-producing power and municipal water features are involved, the citizens of Texas not only will be expected to repay the capital investment, but they will also be required to pay interest as well.

This is a requirement which has been a matter of Congressional policy since passage of the Reclamation Act of 1902. People in the West accept this fact, and they approve Federal assistance of this type.

However, when we get into the Tennessee River Valley, we are confronted with a unique set of ground rules. Here, the Federal Government not only builds flood control, navigation, and water conserving projects but the bill today is inconsistent with a 1948 act which required amortization of the investment, without interest, in 40 years.

The people in the Missouri River Basin, the Columbia River Basin, the Colorado River Basin, and the other great river basins of the country certainly have no objection to Federal assistance for water resource development on the Tennessee River. These other areas generally support water resource developments throughout the country. But they have a legitimate question: Why do the other river basins pay interest on project costs allocated to power, while the good people in the Tennessee River area get both hydro power and steam power facilities built at Federal expense without interest?

I hereby request unanimous consent to introduce at this point 2 schedules prepared for me by the Comptroller General, which shows the total Federal investment in TVA and the financial operations of the TVA for the period 1952 through fiscal 1956.

There being no objection, the schedules were ordered to be printed in the RECORD, as follows:

EXHIBIT 2

TENNESSEE VALLEY AUTHORITY

From inception in 1933 to June 30, 1956, the United States Government has made available to TVA through appropriations, bond purchases, and property transfers a total of $2,042,576,777. For the same period, TVA has recorded a net income of $355,286,690 from its power operations and net expenses of $166,616,339 for its other programs. TVA has repaid to the United States Treasury a total of $244,899,784. The resultant equity of the United States Government in TVA was $1,986,347,344 at June 30, 1956. Contributions in aid of construction totaling $303,417 have been made by others to June 30, 1956.

The following schedule shows the equity of the United States Government in TVA at June 30, 1956, segregated between power and nonpower, and includes all activity since TVA's inception in 1933.

	Total	Employed in power program	Nonpower
Appropriations, property transfers, and bonds issued:			
Appropriations by the Congress	$1,932,267,581	$1,345,193,221	$587,074,360
Property transfers from other agencies, net	45,236,696	19,365,266	25,871,430
Bonds issued	65,072,500	65,072,500	
	2,042,576,777	1,429,630,987	612,945,790
Net income from operations:			
Net income from power operations	355,286,690	355,286,690	
Net expense of nonpower programs	[1] 166,616,339		[1] 166,616,339
	188,670,351	355,286,690	166,616,339
	2,231,247,128	1,784,917,677	446,329,451
Less:			
Payments into the general fund of the U. S. Treasury	179,827,284	145,059,019	34,768,265
Bonds redeemed	65,072,500	65,072,500	
	244,899,784	210,131,519	34,768,265
Total equity of U. S. Government	1,986,347,344	1,574,786,158	411,561,186

[1] Deduction.

The United States Treasury funds invested in TVA's power program are required by law to be repaid. Title II of the Government Corporations Appropriation Act, 1948, requires that, beginning with the year ended June 30, 1948, the Authority must retire from net power proceeds for the preceding year not less than $2,500,000 of its outstanding bonded indebtedness and that payments of not less than $10,500,000 should be made by June 30, 1948. In addition, the act requires payments from these proceeds into the United States Treasury in amounts sufficient when added to the payments made on bonded indebtedness to total not less than $87,059,810 during the 10-year period ending June 30, 1958, and an equivalent amount during each succeeding 10-year period until an aggregate of $348,239,240 has been paid. The act requires also that new Congressional appropriations for power facilities shall be repaid to the Treasury of the United States, such payments to be amortized over a period of not to exceed 40 years after the year in which such facilities go into operation.

TVA's payments into the United States Treasury under the provisions of the Government Corporations Appropriation Act, 1948, are summarized below:

Minimum payments required to June 30, 1956, under the 1948 law	$30,500,000
Payments required to June 30, 1956, if 1948 law required straight 40-year amortization (one-fortieth of plant investment at end of previous year)	115,579,248
Actual payments made by TVA under the 1948 law to June 30, 1956	186,500,000

In addition to the $186,500,000 paid pursuant to the 1948 law, $23,631,519 was paid prior to June 30, 1947. Therefore, total payments applicable to the power program were $210,131,519 at June 30, 1956.

Section 26 of the TVA Act authorizes TVA to use the proceeds from power sales and other sources in the conduct of its power business, in the operation of dams and reservoirs, and in the production and disposition of fertilizers. Other legislation provides for the use of proceeds for certain bridge construction or alteration work and for part of the cost of resource development activities. The proceeds for each fiscal year in excess of (1) the amount considered necessary by TVA's Board of Directors for the purposes enumerated in section 26 plus (2) the amount expended for other authorized purposes must be paid into the United States Treasury by the end of the calendar year. A continuing fund of $1 million is excepted from the requirements of section 26 of the TVA Act.

There is no law requiring the repayment of United States Treasury funds invested in TVA's nonpower programs other than the requirements in section 26 of the TVA Act.

Appropriated funds have not been available for TVA to start any new powerplants or dams during the 3-year period ended June 30, 1956. However, in fiscal year 1956 the TVA Board of Directors authorized a major expansion program to be financed with TVA's own power revenues. The expansion program involves 7 additional generating units with an installed capacity of 1,215,000 kilowatts at existing steam-electric plants and is estimated to cost $184 million. During the 1st and 2d sessions of the 84th Congress, several bills were introduced to authorize TVA to finance new capacity with the proceeds from the sale of revenue bonds to the public. None of these bills were enacted into law. TVA self-financing bills have again been introduced in the 85th Congress and are currently being considered by the Congress.

Source: Report of the Comptroller General to Senator ARTHUR V. WATKINS, May 1957.

EXHIBIT 3

TENNESSEE VALLEY AUTHORITY

The following schedule compares condensed statements of TVA's power operations for the 5 years ended June 30, 1956. The schedule, together with the footnote relating to interest, presents fairly the results of TVA's power operations for the fiscal years ended June 30, 1952, through 1956:

	Fiscal year				
	1956	1955	1954	1953	1952
Revenues:					
Sales of electric energy:					
Federal agencies	$124,930,319	$102,962,859	$54,368,480	$31,505,622	$25,230,406
Others	95,972,218	84,398,495	78,951,396	72,779,565	69,236,249
Total sales of electric energy	220,902,537	187,361,354	133,319,876	104,285,187	94,466,655
Rents and other revenues	739,679	801,635	627,932	592,682	537,735
Total operating revenues	221,642,216	188,162,989	133,947,808	104,877,869	95,004,390
Expense:					
Production expense	109,628,559	91,131,436	65,313,196	51,882,464	41,305,635
Transmission	8,015,487	7,836,586	7,049,611	6,772,845	6,312,788
Payments in lieu of taxes	4,147,654	3,878,466	3,578,668	3,418,110	3,036,207
Administrative and general expenses	7,077,875	6,396,973	5,455,357	4,794,950	4,185,038
Provision for depreciation	38,095,699	30,092,618	22,959,503	17,910,186	13,540,482
Other operating expenses	775,932	926,245	771,077	805,205	784,891
Total operating expense	167,741,206	140,262,324	105,127,412	85,583,760	69,165,041
Net revenue from operations	53,901,010	47,900,665	28,820,396	19,294,109	25,839,349
Interest expense (net)	41,843	387,387	679,439	667,395	743,000
Net power income (see note)	53,859,167	47,513,278	28,140,957	18,626,714	25,096,349
Thousand kilowatt-hours of electric energy sold	53,845,388	42,044,954	30,058,772	23,678,681	20,177,163
Average selling price per kilowatt-hour (in mills):					
Sales to Federal agencies	4.09	4.73	4.61	4.52	5.13
Sales to others	4.11	4.16	4.32	4.35	4.54
Total sales	4.10	4.46	4.44	4.40	4.68
Percent return on average power investment	3.9	4.2	3.2	2.7	4.7
Net income per thousand kilowatt-hours of electric energy sold	$1.00	$1.13	$0.94	$0.79	$1.24
Net power income expressed as percent of gross revenue	24.3	25.3	21.0	17.8	26.4

NOTE.—Because the TVA Act and other Federal laws do not require the Authority to pay certain costs incurred by other Federal agencies for the benefit of the Authority, such costs are not included in the foregoing statement The most significant cost not included is interest on United States Treasury funds furnished for the Authority's power program, other than that part represented by long-term debt. The payment of such interest at 2 percent would amount to about $24,400,000 (at 2.5 percent the amount is about $30,500,000) for fiscal year 1956 and would have a material effect on the financial position and results of power operations as reported by the Authority. The interest expense recorded in the statement was paid on bonds held by the United States Treasury. The last of these bonds were redeemed early in fiscal year 1956.

The schedule shows that TVA's revenues from sales of electric energy have increased tremendously during the 5-year period. While sales to all sources have increased, the major portion of the increase is accounted for by increased sales to Federal agencies, principally the Atomic Energy Commission.

The increases in power expenses result primarily from the increased use of coal-fired steam generating plants. Steam generation accounted for 78.8 percent of net generation in TVA-owned plants in 1956, compared to only 26.2 percent in 1952.

The primary reason for the reduction in the average selling price per kilowatt-hour during the period under review was the increased ability of TVA to supply power from its new steam plants and the corresponding decrease in the power required to be supplied from higher cost sources both inside and outside of the TVA system. This situation was particularly true in the case of the Atomic Energy Commission. Although TVA was expanding its steam-generating facilities to meet the demands resulting from sizable expansions at AEC sites, the AEC expansion was being completed considerably in advance of the TVA expansion. As a result, the segments of the TVA system reserved to serve the AEC loads could not meet the loads at that time, and it was necessary for TVA to obtain sizable blocks of interim and supplemental power from higher cost sources both inside and outside the system. TVA passed the estimated cost of this higher cost power, plus a factor of 15 percent for transmission losses and handling costs, to AEC. For example, the average rate paid by AEC for power supplied its Paducah, Ky., installation during fiscal year 1956 was 4.04 mills per kilowatt-hour. Normal or long-term firm power, however, was supplied at an average rate of 3.63 mills per kilowatt-hour during 1956. The cost of this power was based on the generation and transmission costs of TVA steam plants and facilities especially built for and reserved to serve the AEC loads, and the rate charged therefor is representative of the rate that will prevail once TVA is able to meet the AEC expansion requirements entirely from its new generating facilities.

The fluctuations in the percent return on average power investment, net income per million kilowatt-hours of electric energy sold, and the ratio of net power income to gross revenues were caused primarily by varying conditions of stream flow in each year.

TVA is required under its basic act to make payments in lieu of State and local taxes presently equal to 5 percent of its gross revenues from power sales, except for gross revenues derived from Federal agencies. These payments amounted to a total of $41,355,886 accumulatively to June 30, 1956.

Source: Report of the Comptroller General to Senator ARTHUR V. WATKINS, May 1957.

Mr. WATKINS. Mr. President, these schedules show that on a total Federal investment of $1,574,786,158 allocated to power, the TVA paid net interest costs of only $387,387 in 1955, and $41,843 in 1956. The Comptroller General pointed out that the payment of interest at 2 percent on a capital investment of that size, would be about $24,400,000, and 2.5 percent would be $30,500,000 for fiscal 1956.

Interest payments of the type and size foregone for TVA are made by all other areas of the country which have navigation, flood control, or irrigation projects which produce power incidental to the other public benefits.

This means that the TVA is benefiting today from a subsidy of roughly $24 million annually in interest payments which would be required on comparable Federal projects in any other part of the country.

The bill seeks to compound this exclusive subsidy by authorizing TVA to maintain a level of $750 million in bonded indebtedness for the construction and acquisition of new steam power-generating facilities.

In view of the fact that the TVA has tripled its system since 1951 and has nearly 2 million kilowatts of steam-generating capacity authorized or under construction, it is my belief that we can review this proposal and see if we can come up with something that can be applied in each of the other river basins as well.

One of the major objections I see to the proposed legislation is that it contributes to an even larger measure of Federal control over the destinies of the Tennessee River Basin.

The point has been made that after these revenue bonds are retired, the title to the new power facilities will go to the Federal Government.

Judging by the discussion I have heard this evening, it has been made clear that the title will remain in the United States from the beginning, even on these new buildings. If I have a misunderstanding about that, then what I have said would apply. This means that the total Federal stake in the Tennessee River will be something like $3 billion after the revenue bonds are issued. This will not be a local or regional asset—it will be an asset owned and controlled by the Federal Government. In other words, the control of the industrial and economic future of the Tennesse River region will rest right here in the Congress.

This control can possibly result in restrictive actions which may penalize the residents of that basin and submit them to the agonizing delays of the Federal legislative process. For example, it was suggested in the House debate on the supplemental appropriations bill that since the Government owns the TVA system, it should not pay the going rate on power provided for AEC installations there. And since Government installations consume about 57 percent of the power produced by TVA, if the Government is supplied this power at a more favorable rate, the residents of the TVA area will be charged with all the system overhead, and their rates undoubtedly would have to be increased. I am not saying that this suggestion will be ordered, but such a possibility is not remote, and a Federal action of that type could be rammed through the Congress over the objections of the minority in the Tennessee River Valley.

The long-range solution to this problem, as I see it, is for the Tennessee Valley people to place their project on a reimbursable basis, the same as applied to any other water resource program in the country. The project itself appears to be sound and economically feasible, and I am sure it would pay out just as successfully as any of our major river basin programs. This also would make it more of a yardstick of Federal power production.

Once the program has been placed on a completely reimbursable basis, I believe the people of the area should work toward eventual ownership, operation, and management of the facilities by the people of that region.

Mr. President, a number of years ago I introduced a bill which would have provided for the eventual ownership of all the water resources programs built by the Federal Government in the United States, both those on interstate streams and on intrastate streams. I did that because I believe the Federal Government should not be anything more than the banker, in a way, for the projects which the people themselves could not build with their own resources, rather than go into the business of operation and maintenance of projects it builds.

It has been proven that we get much better management and much closer supervision with respect to expenditures, particularly, when the people must foot the bills for management and when they are operating the projects themselves. I believe after they have paid for them, the assets of those river systems developments should belong to the areas where the people are located and who have repaid the construction cost.

I believe that with respect to the Colorado, the Columbia, the Tennessee Valley, and the Central Valley of California, and with respect to any of the areas where there are such developments constructed by the Federal Government.

I pointed out at that time that an interstate association could be authorized by act of Congress, setting up a local corporation or association or authority—or whatever it might be called—placing the responsibility in it, so that the board of directors or the commissioners could operate and maintain these facilities and works as soon as they are finished. They can then so manage them that they would pay back to the Federal Government on an amortized basis the total cost of these projects. When electric power or municipal water is involved, then they would also pay interest that is provided in most of the projects which have been authorized and are now under construction in the United States under the Reclamation Act of 1902.

If that could be done, then the people would have the control of their own destinies. They would be entitled to have these great resources for their benefit. They would not be dictated to by Congress and the administration in Washington, but they would have their own organizations, which would own and operate these giant projects for them.

I think the bill, while I am opposing it at the moment, may, to a certain extent, help to bring that kind of condition about.

I am planning to draft a measure which will make it possible for the Government of the United States to sell to such an organization, commission, or authority, as the bill would authorize to be organized among the States in the Tennessee River Valley.

The bill would attempt to bring about this type of organization and would grant authority to the Government to sell, after a contract had been negotiated with legal entity which may be set up under that kind of legislation.

It seems to me that then we would be making progress and would not continually have arguments in Congress every year with respect to what the Tennessee Valley or some of the other river developments such as, for instance, the Columbia River Basin, ought to have.

If a regional organization owned by the States involved on an interstate stream were set up to take care of or to manage its own river developments, it could do so on a comprehensive, basin-wide basis, and it could repay moneys advanced by the Federal Government from the resources income the entire cost, plus interest, of all features having to do with municipal water, industrial water, and power development.

There would be enough revenues from a development of that kind to make certain that practically every drop of water which could be put to beneficial consumptive use would be used. Under this kind of a program the interstate agency would receive all the revenues and from them would pay out the cost of operation and maintenance and in addition would repay construction costs with interests on those features where interest payment is required, and then when the repayment contract has been fully performed the agency would receive title to the project from the United States. I think this proposal is worthy of consideration, looking to the future. If a measure of that kind could be passed, it would be of great benefit, because the TVA is not now paying interest on construction costs advanced by the United States. The Comptroller General's report shows that they are not. Such a proposal would support the amendment offered by the Senator from New Hampshire [Mr. COTTON], which was accepted, and which confined the area of operations. If all costs, together with interest thereon, had to be repaid there would be very little temptation to expand into other areas.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Does the Chair understand correctly that the proponents of the bill are ready to yield back the remainder of their time?

Mr. SALTONSTALL. Mr. President, as the acting minority leader, I may say that several other Senators desire to be heard.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Has the bill been read the third time?

The PRESIDING OFFICER. The bill has been read the third time.

Mr. KERR. Mr. President, I yield 5 minutes to the distinguished Senator from Mississippi.

Mr. EASTLAND. Mr. President, in the last three successive budget messages submitted to Congress, the President has recommended the enactment of legislation authorizing the TVA to issue revenue bonds with which to finance the construction of new generating capacity. Each of these messages has pointed to the continued growth in the demand for power within the area now served. Pending the enactment of this new method for financing power facilities, no appropriations have been requested for that purpose.

I shall show how the system proposed in the bill is superior to the present law.

In 1953, appropriations were requested and received to start construction on two additional generating units. Since that time no new starts have been financed with appropriated funds, yet the need for additional capacity has become more acute year by year. Fortunately, power revenues have been available with which to start some additional units to stave off the inevitable power shortage which approaches. But these revenues are not sufficient to provide the additional capacity which is needed in support of the reasonable economic growth of the Tennessee Valley region.

It must be remembered that TVA, just like any other utility, is a monopoly within the area which it serves. There is no other source whereby its customers may obtain electricity upon which the very life of the region's economy must depend. Unless the TVA is permitted and unless a way is provided to finance the capacity to provide the power, we can expect economic blight in this great area of our country which has made so much progress in the past two decades, and which now is contributing its reasonable share of taxes and providing a better life for its people.

The Congress of the United States, when it authorized the acquisition of other utility properties, made a moral commitment to the people of the Tennessee Valley to supply their legitimate power needs. We might as well consider the fact that unless we authorize the issuance of revenue bonds by the TVA, we will have to appropriate additional tax funds for this purpose. The people of the Tennessee Valley are willing and able to provide the support for revenue bond financing by the power rates they pay. Surely this seems to me a reasonable solution to a problem that is recognized by everyone.

Mr. President, let us examine for a moment the question of what the bill does in practical terms.

In the first place, it will eliminate the necessity of appropriating additional sums of money for the construction of power facilities in the Tennessee Valley. To those who have been protesting such appropriations in the past, I say here is the opportunity you have been seeking.

In the second place, the bill provides a limitation on the right of the TVA Board to expand geographically the territory which TVA serves. Those who have complained of TVA's operations have often expressed the fear that TVA would expand the area of its operation until it became an octopus engulfing the whole United States. I submit that TVA's record does not justify any such apprehensions at all. But to those who do have such fears, I say that the bill provides a safeguard in that direction.

In the third place, the bill provides for substantially larger payments into the Treasury of the United States by the TVA than are required by present law. A substantial annual payment is required as a return on the appropriation investment financed by the taxpayers. In addition, the bill has now been amended so as to insure continued reduction of the appropriation investment on a regularly scheduled minimum basis. To those who have complained that tax funds have been appropriated for the benefit of the people of the Tennessee Valley without adequate return, I say the bill improves that situation.

The PRESIDING OFFICER. The time of the Senator from Mississippi has expired.

Mr. KERR. I yield an additional 2 minutes to the Senator from Mississippi.

Mr. EASTLAND. Mr. President, the bill is a reasonable bill; all necessary controls of the operation of the TVA by this Congress are retained. We will continue to serve as a board of directors of this great agency. Sitting as a board of directors now, it seems to me that the evidence submitted by the committee justifies the action that the committee proposes. I believe we should authorize the TVA board to issue revenue bonds as recommended.

I urge the Senate to support the bill.

Mr. KERR. Mr. President, I have no further requests for time at this moment; neither am I prepared to yield back the remainder of my time.

Mr. SALTONSTALL. Mr. President, I yield 5 minutes to the Senator from Connecticut.

Mr. BUSH. Mr. President, I feel that the Senate has done very good and constructive work on the bill today in agreeing to the Cotton amendment to provide area control of the TVA, and also in the improved Case of South Dakota amendment, which establishes a new principle; namely, the payment of a dividend equivalent on the United States Government investment in TVA.

I am grateful to the distinguished Senator from Oklahoma [Mr. KERR], and the distinguished Senator from Tennessee [Mr. GORE], who have had charge of the bill on the floor, for their acceptance of those amendments.

However, the rejection of the amendment of the Senator from Massachusetts [Mr. SALTONSTALL] was, I believe, a serious blow to the bill. His amendment would have restored to the Secretary of the Treasury the authority of which the bill, in the absence of that amendment, will strip him. The bill as it now stands will not give the Secretary of the Treasury any voice or authority in connection with the issuance of the bonds, which certainly will be, indirectly, obligations of the Government of the United States. That was attested to during the hearings on other revenue bonds at the time when the highway bill was under discussion; and it was attested to by distinguished Senators, including the Senator from Virginia, who at that time appeared before the Public Works Committee in opposition to the proposed highway revenue bond issue.

I believe it fair to say, Mr. President, that the TVA is not an institution separate from the Federal Government. The TVA is a part of the Government. It is part and parcel of the Government of the United States, and it belongs to all the people of the United States. Therefore, it should be closely supervised by the Congress of the United States. If any important financing is to be done by the TVA, it should be approved by the Congress; and certainly the Secretary of the Treasury should, in my opinion, have the authority to provide for the financing and to negotiate for the financing, and to negotiate the terms and conditions under which these important bonds shall be issued.

So, Mr. President, as I have said, as a result of the rejection of the Saltonstall amendment, I believe the bill has suffered a serious blow.

Mr. President, I feel compelled to oppose the bill for that reason, and also for the reason that I am not in favor of doing anything which will help the TVA to expand its operations. I feel that the TVA provides a very strong attraction to industries now located in the North, particularly in New England, and that that attraction is subsidized by other States of the Union; and I do not think that is a fair proposition. The combination of cheap power and cheap labor is strong bait, indeed, to many of our northern industries; and the TVA is able to offer that strong bait. I am frank to say that that is very distasteful to me—representing, as I do, in part, the State of Connecticut, and having at heart, as well, the interests of other New England States. I do not believe we should be compelled to subsidize an operation which tends to cut our own economic throats. I believe that the TVA should be taken over by the States in which it operates, and that they should buy it from the Federal Government, and that the proceeds of the sale should be used to pay off the national debt, of which the Senator from Delaware has spoken so eloquently today.

So, Mr. President, I shall vote against the bill.

Mr. President, I yield back the remainder of the time which has been yielded to me.

Mr. SALTONSTALL. Mr. President, I yield myself 3 minutes; possibly I shall later yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 3 minutes.

Mr. SALTONSTALL. Mr. President, it will be with great reluctance that I shall have to vote against the bill. I

say it will be with great reluctance because I believe that what is being attempted to be accomplished by means of the bill is correct, namely, that the TVA should be permitted within its area to increase its power facilities as it is necessary for them to be increased.

The bill has been improved today on the floor of the Senate.

The reasons why I shall vote against the bill can be simply stated. They are based on the question of accounting and the question of responsibility. For the past 10 or 11 years, I have been a member of the Appropriations Committee; and during a great portion of that time I have been a member of the subcommittee which has had before it the accounts of the TVA.

As I read the bill, particularly subsection (b), on page 5, it really establishes two budgets; it establishes one budget for power, including power receipts and power expenditures, the bonds which are to be issued, and the repayment of the bonds, and everything else that goes with the power. Then it establishes another budget—the one the President has to submit to the Congress, each year, in January, as required by law.

Under that budget there will be the TVA's receipts and expenditures in connection with navigation, flood control, and recreation, and any other receipts or expenditures the TVA may have. When that budget comes before the Congress, the Congress will have to appropriate sufficient funds to pay for those operations, if they do not pay for themselves. In connection with that budget—the budget for flood control and the other items I have just mentioned—Congress will not be able to consider the power receipts of the TVA. If the power receipts exceed the expenditures, there are certain provisions by means of which the TVA will pay back the appropriation investment the United States has in the TVA. They will be used in retiring the bonds, but that will not be subject to the control of Congress. It will not be presented to the Congress by the President. So the Congress may have to appropriate—on the basis of the budget which is submitted to it—funds for the flood control and the other facilities of the TVA. But in considering how much money to appropriate, Congress will have no opportunity to consider the power situation of the TVA, either in the case of receipts or in the case of expenditures.

Today I submitted an amendment for the purpose of keeping this Government corporation within the control of Congress. In connection with the amendment, I tried to confine my attention to the accounting situation. That amendment was rejected.

Mr. President, as I have said, it will be with reluctance that I shall vote against the bill, because I believe the bill contains a great many provisions which are along the right line. But as one Senator, I cannot vote for a bill which really will result in setting up two budgets and will keep of those budgets completely out of the control of the Congress. For that reason, I shall reluctantly vote against the bill.

Mr. President, I am ready to yield back the remainder of the time under my control.

Mr. KERR. Mr. President, I yield 3 minutes to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 3 minutes.

Mr. AIKEN. Mr. President, it so happens that I come from the part of the country which "enjoys"—and I use that word in quotation marks—the highest electric power rates in the United States. I have been most unhappy to see industries leave the New England States and New York, in order to obtain the benefits of low-cost power elsewhere.

However, I do not blame the people in the TVA area or the people on the Pacific Coast or any other part of the country for attempting to get as low-cost power as they can in order to attract industries. New York, New England, and all the Northeast has needed low-cost power desperately; but every time we have tried to obtain it, we have been blocked by certain business interests which seem to think that high-cost power was a boon to our part of the country.

So, Mr. President, the fact that we have been unsuccessful in obtaining low-cost power for the Northeastern part of the United States is no reason at all for Senators to vote against allowing any other part of the country to develop its resources to the fullest extent in order to secure power at reasonable cost. For that reason, I shall vote for this bill.

Mr. KERR. Mr. President, I yield 2 minutes to the Senator from Tennessee [Mr. KEFAUVER].

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 minutes.

Mr. KEFAUVER. Mr. President, today we are considering a bill which will make it possible for the Tennessee Valley Authority to continue to serve a great section of the country. That is all this bill does. I think we should understand that.

The TVA has a long and proud history. I do not think we need go into that here. What we should consider here is whether we want to write the final page to that history today. I believe it is not an overstatement to say that unless we give TVA the means to live—and that is all this bill does—we shall indeed be writing that final page.

We have long heard, on the Senate floor, as well as from other rostrums, that TVA power should no longer be financed by appropriations. We are ready to concede that, although we point out that under the TVA Act, all the appropriations were repaid to the Treasury. The Government lost nothing.

But if the TVA is not financed by appropriations, then it must have some other method of raising capital, just as any private company must have.

This bill gives the TVA the other method. It is a self-financing bill—a do-it-yourself bill for a great agency of the Government. How can we possibly refuse to give an agency, which is so vital to the Nation, the privilege and the means of doing for itself what the Government will not do for it?

If we do refuse, we shall have folded up a great defense asset—the agency which pours power into the atomic energy installations at Oak Ridge and Paducah, and which supplies the power for many other defense installations throughout the valley.

If we do refuse, we shall have struck an unwarranted blow at the economy of a great and vital part of the Nation.

There is no reason for Members to be suspicious of this bill. There is nothing hidden in it—no tricks.

Under it, Congress wil continue to control the TVA.

No one need fear an expansion of TVA territorially. The original act contained a limit—namely, the economic transmission distance from the hydro dams. In this bill we have written in an additional limit.

Let me read the new limiting language:

(a) No new power-producing project may be constructed either from revenues or bond proceeds until notice of such proposal has been given to the Congress and a period of 60 days shall have elapsed without Congressional action to disapprove.

(b) None of the bond proceeds may be used to bring about any substantial enlargement of the present service area; without approval by act of Congress. Minor adjustments in marketing area around the periphery of the present service area and outside the Tennessee River drainage basin may be put into effect only after notification to Congress and the passage of 60 days without disapproving action by either House of Congress.

And so it is with the financing provisions. As the distinguished chairman of the subcommittee which reported this bill, the Senator from Oklahoma [Mr. KERR], has said, we have not crossed every "t" and dotted ever "i" in exact conformity with the Budget Bureau demands, but we have most certainly tried to be reasonable to the utmost.

I hope that, in turn, the Members of the Senate will be reasonable with us.

Mr. President, I desire to thank the Senator from Oklahoma [Mr. KERR] for his guidance of the bill. I also desire to thank the other Senators on both sides of the aisle who have had such great understanding of our problem.

The PRESIDING OFFICER. Is the Chair correct in understanding that all time has been yielded back?

Mr. SALTONSTALL. I am prepared to yield back the time remaining to me.

Mr. KERR. Mr. President, I yield 5 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, I do not wish to detain the Senate. I shall vote for the bill. I have supported its development during the hearings of the committee on Public Works. I compliment the Committee on Public Works, its chairman [Mr. CHAVEZ] and particularly the chairman of the subcommittee [Mr. KERR] for the constructive work they have done. If it had not been for the able leadership of the Senator from Oklahoma [Mr. KERR] it is probable this bill would not be before the Senate today.

I have been interested in the matter of authorizing the TVA to finance its operations for a long time. In 1948, when I was in the Senate I had the opportunity

to vote for the first steam plant authorized for the Tennessee Valley Authority, the New Johnsonville steam plant. In the early days of the TVA, it is probable that not many anticipated the large power requirements that would develop in the Tennessee Valley and the necessity for the construction of steam plants.

In 1954, when the Yates-Dixon contract was under consideration as an alternative I proposed on the Senate floor that the Tennessee Valley Authority be authorized to finance its operations and to meet its power needs. I urged such a plan to the administration in 1954, as an alternative to the Yates-Dixon proposal. I wish it had been adopted in 1954.

In April of this year, I introduced a financing bill for TVA, S. 1855, which provided some of the features contained in S. 1869—among them the provision of a fixed sum—$750 million for the issuance of bonds, and geographical limitations on the area in which the bond proceeds can be used.

I believe the bill, which the Senate will approve in a few minutes, is a sound bill. It provides a limitation on the amount of bonds that can be issued, in the sum of $750 million. That is the exact amount which the Bureau of the Budget, as well as the Tennessee Valley Authority, have stated can be used during the next 5 years. The bill provides geographical limits on the area which can be served by the facilities that will be built through the proceeds of the bonds. And the bill provides that, before bonds can be issued, there must be a consultation with the Treasury as to the time of issuance, and issuance must accord with the financing responsibilities of the United States Government. It seems to me that these conditions as well as the requirement of reporting by the TVA and the inherent power of the Congress to amend its acts, if it desires, enables the executive branch and the Congress to maintain control over the activities of the Tennessee Valley Authority, and at the same time give the Tennessee Valley Authority and its Board of Directors the flexibility needed for effective operation.

I recognize the power operations of the Tennessee Valley Authority have been the subject of controversy. I have supported the Tennessee Valley Authority in the past, and I will continue to support it so long as the Congress of the United States maintains it as a public power facility. It is an agency of the Congress of the United States. I do not think it is an agency of the executive branch of the Government, except under such terms as are provided by the Congress. As long as the Tennessee Valley Authority is maintained in its present form by the Congress, it is the duty and the responsibility of the Congress to enable TVA to conduct its power operations, and to meet the reasonable power demands of the section.

On the other hand, there is a great responsibility on the part of the TVA and its officials to adhere faithfully to the spirit and words of the law which give it authority. They have no other authority. The bill is a step forward. It removes the necessity for the Tennessee Valley Authority to ask Congress every year for appropriations. It removes the burden of appropriations from the people of the United States. It will enable the Authority to move forward and finance its own operations. It has a great responsibility. It must live up to it. So I shall be glad to vote for the bill.

The PRESIDING OFFICER. Do the leaders in control of the time yield back all time remaining to them?

Mr. SALTONSTALL. I yield back all time remaining to me.

Mr. KERR. I yield back all time remaining to me.

The PRESIDING OFFICER. The question is, Shall the bill pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Delaware [Mr. FREAR], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Ohio [Mr. LAUSCHE], the Senator from West Virginia [Mr. NEELY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent by leave of the Senate because of illness.

I further announce, if present and voting, the Senator from Missouri [Mr. HENNINGS] and the Senator from Massachusetts [Mr. KENNEDY] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate in order to represent the Senate at the Latin American Economic Conference in Buenos Aires.

The Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. SMITH], and the Senator from Nevada [Mr. MALONE] are necessarily absent.

If present and voting, the Senator from Maine [Mr. PAYNE] and the Senator from New Jersey [Mr. SMITH] would each vote "yea."

The Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Indiana would vote "nay" and the Senator from Vermont would vote "yea."

The result was announced—yeas 61, nays 20, as follows:

YEAS—61

Aiken	Curtis	Johnson, Tex.
Allott	Dirksen	Johnston, S. C.
Anderson	Douglas	Kefauver
Barrett	Dworshak	Kerr
Bible	Eastland	Knowland
Carlson	Gore	Kuchel
Carroll	Green	Langer
Case, N. J.	Hayden	Long
Case, S. Dak.	Hill	Magnuson
Chavez	Hruska	Mansfield
Church	Humphrey	McClellan
Clark	Ives	McNamara
Cooper	Jackson	Monroney
Cotton	Javits	Morse
Morton	Russell	Thurmond
Mundt	Scott	Thye
Murray	Smith, Maine	Wiley
Neuberger	Sparkman	Yarborough
O'Mahoney	Stennis	Young
Purtell	Symington	
Revercomb	Talmadge	

NAYS—20

Beall	Ervin	Pastore
Bennett	Goldwater	Potter
Bricker	Hickenlooper	Saltonstall
Bush	Holland	Schoeppel
Butler	Jenner	Watkins
Byrd	Martin, Iowa	Williams
Ellender	Martin, Pa.	

NOT VOTING—14

Bridges	Hennings	Payne
Capehart	Kennedy	Robertson
Flanders	Lausche	Smathers
Frear	Malone	Smith, N. J.
Fulbright	Neely	

So the bill (S. 1869) was passed.

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. HILL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INCREASE IN SERVICE-CONNECTED DISABILITY COMPENSATION AND DEPENDENCY ALLOWANCES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 717, House bill 52.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 52) to provide increases in service-connected disability compensation and to increase dependency allowances.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments, on page 4, after line 23, to strike out:

SEC. 4. This act shall take effect on the first day of the second calendar month which begins after the date of its enactment.

And insert:

SEC. 4. Section 315 of the Veterans' Benefit Act of 1957 is amended by deleting the following figures in paragraphs (a) through (p), respectively: "$17", "$33", "$50", "$66", "$91", "$109", "$127", "$145", "$163", "$181", "$420", "$279", "$329", "$371,", "$420", and "$420", and inserting in lieu thereof the figures "$19", "$36", "$55", "$73", "$100", "$120", "$140", "$160", "$179", "$225", "450", "$309", "$359", "$401", "$450", and "$450", respectively.

On page 5, after line 11, to insert:

SEC. 5. Subsection 316 (a) (1) of the Veterans' Benefits Act of 1957 is amended by deleting the following figures in clauses (A) through (H), respectively: "$21", "$35", "$45.50", "$56", "$14", "$24.50", "$35", and "$17.50", and inserting in lieu thereof the figures "$23", "$39", "$50", "$62", "$15", "$27", "$39", and "$19".

After line 17, to insert:

SEC. 6. Section 335 of the Veterans' Benefits Act of 1957 is hereby amended by changing the period at the end thereof to a comma and adding the following: "counting 50 cents and over as a whole dollar."

After line 21, to insert:

SEC. 7. Section 336 of the Veterans' Benefits Act of 1957 is hereby amended by adding at the end thereof the following sentence: "The amounts payable hereunder shall be adjusted upward or downward to the nearest dollar, counting 50 cents and over as a whole dollar."

And, on page 6, after line 2, to insert:

SEC. 8. This act shall take effect on the first day of the second calendar month which begins after the date of its enactment, and sections 1 through 3 shall cease to be in effect January 1, 1958.

Mr. JOHNSON of Texas. Mr. President, this is a very important measure, and the distinguished chairman of the Finance Committee [Mr. BYRD] is prepared to give an explanation to the Senate. If we may have the attention of his colleagues, particularly on this side of the aisle, I think the result will be to expedite action on the proposed legislation.

Mr. BYRD. Mr. President, the bill as reported by the Committee on Finance provides increases in the service-connected disability compensation and dependency allowances for veterans suffering from disabilities incurred in or aggravated by service in one of the branches of the Armed Forces. It applies to all wars and peacetime veterans. The increases proposed for all basic rates of compensation for disabilities rated less than total and the additional allowances for dependents would amount to 10 percent. The rate for total disability, however, would be increased from $181 to $225 monthly, or approximately 24 percent. The statutory awards for certain specific disabilities would be increased by from 10 percent up to 30 percent, as shown in the table which I send to the desk asking unanimous consent to have incorporated at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Rates of compensation for wartime service-connected disabilities under Public Law 2, 73d Cong., as amended, and Veterans Regulations

	War service-connected rates under existing law	H. R. 52
(a) 10 percent disability	$17.00	*$19.00*
(b) 20 percent disability	33.00	*36.00*
(c) 30 percent disability	50.00	*55.00*
(d) 40 percent disability	66.00	*73.00*
(e) 50 percent disability	91.00	*100.00*
(f) 60 percent disability	109.00	*120.00*
(g) 70 percent disability	127.00	*140.00*
(h) 80 percent disability	145.00	*160.00*
(i) 90 percent disability	163.00	*179.00*
(j) Total disability	181.00	*225.00*
(k) Anatomical loss, or loss of use of a creative organ, or 1 foot or 1 hand, or both buttocks, or blindness of 1 eye, having only light perception, rates (a) to (j) increased monthly by	47.00	*47.00*
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or both buttocks, or blindness of 1 eye, having only light perception, in addition to requirement for any rates in (l) to (n), rate increased monthly for each loss or loss of use by	[1] 47.00	[2] *47.00*
(l) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	$279.00	*$339.00*
(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	329.00	*359.00*
(n) Anatomical loss of 2 extremities as near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	371.00	*401.00*
(o) Suffered disability under conditions which would entitle him to 2 or more rates in (l) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	420.00	*450.00*
(p) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	420.00	*450.00*
(q) Minimum rate for arrested tuberculosis	67.00	*67.00*

[1] But in no event to exceed $420.

[2] *But in no event to exceed $450.*

Additional disability compensation because of dependents [1]

	Wife, no child	Wife, 1 child	Wife, 2 children	Wife, 3 or more children	No wife, 1 child	No wife, 2 children	No wife, 3 or more children	Dependent parent or parents
Korean conflict World War II World War I Spanish-American War, Philippine Insurrection, Boxer Rebellion Civil War Indian wars Peacetime service (under combat or extrahazardous conditions)	$21.00 *25.00*	$35.00 *39.00*	$45.50 *50.00*	$56.00 *62.00*	$14.00 *15.00*	$24.50 *27.00*	$35.00 *39.00*	$17.50 (1) *19.00* 35.00 (2) *38.00*
Regular peacetime service	16.80 *18.00*	28.00 *31.00*	36.40 *40.00*	44.80 *50.00*	11.20 *12.00*	19.60 *22.00*	28.00 *31.00*	14.00 (1) *15.00* 28.00 (2) *30.00*

[1] Above rates are for 100-percent disability. If and while rated partially disabled, but not less than 50 percent, additional compensation is authorized in an amount having the same ratio to the amount specified in the applicable table, above, as the degree of disability bears to the total disability; e. g., war service-connected disability of 50 percent, compensation rate, $100 (under the bill). If such a veteran has a wife, his compensation would be increased as follows: $100+$11.50=$111.60.

NOTE.—Rates in italic are as reported in H. R. 52.

Mr. BYRD. The Veterans' Administration estimates that the total cost of the bill, if enacted, would approximate $167,707,000 the first year. Of this total approximately $160,047,000 would be attributable to the increases in the various rates of disability compensation and $9,660,000 for the increases in allowances for dependents. This cost would decrease slightly each year for the next 4 years to approximately $164,586,000 in the fifth year.

The bill reported by the committee has no substantive changes from the House-passed bill. The committee amendments are purely technical and are necessary to make the language of the bill conform to the provisions of the recently enacted Veterans Benefits Act of 1957, Public Law 85-56, codifying all the veterans laws.

The bill was unanimously approved by the Senate Finance Committee, and has the approval of all the veterans' organizations. I think it was also unanimously passed by the House.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. HUMPHREY. Mr. President, I shall take only a moment of the Senate's time. I am keenly interested in the bill. As I am sure the distinguished chairman knows, I had a similar measure, a companion bill to this one, before the Senate Finance Committee. The House acted first. The bill as reported from the committee is an amendment of the House bill. I believe such a measure is long overdue.

I wish to commend the chairman of the committee for this very worthy action. I am very much pleased that the

Senate is about to do what it was hoped could be done last year. A measure similar to this was passed last year in the House, but it was connected with other legislation, and therefore was not acceptable to this body.

I strongly support the measure.

Mr. NEUBERGER. Mr. President, I should like to associate myself with the remarks of the Senator from Minnesota. Both my senior colleague [Mr. MORSE], the present occupant of the chair, and I have received a great many communications from our State with respect to this particular measure. If I am not mistaken, last year we supported the Senator from Minnesota in sponsorship of a bill to increase service-connected disability compensations.

I recently received a communication from the State commander of the American Legion in our State, which is presently holding its annual convention in Eugene. I believe a similar communication was received by the senior Senator from Oregon, urging support of the pending measure.

The bill is not all that the veterans groups in our State and other States desired, but it is certainly a step in the right direction. In view of the high cost of living, the strain on veterans is ever increasing. They need this bill to help them meet these living costs. I commend the chairman of the Finance Committee for bringing before the Senate a bill to deal more fairly with our war veterans who are drawing compensation for service-connected disabilities.

Mr. JAVITS. Mr. President, I wish to associate myself with the views expressed by the Senator from Minnesota and the Senator from Oregon.

Not only is this measure long overdue in terms of the views of those who are beneficiaries, but my mail on this subject, which has been very heavy, evidences a rankling sense of injustice. I do not believe the people realize the detail involved in the legislative process. They have felt that this was a matter which deserved earnest, early, and complete attention.

I agree that this bill is not all we ought to do, but it is a good step in the right direction, and I shall support it. I appreciate very much the fact that the chairman of the Committee on Finance and the leadership have brought the bill up at this time.

Mr. THURMOND. Mr. President, I should like to associate myself with the remarks of the distinguished chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD], and to commend him and his committee for the splendid work they have done on the bill. It is a very worthwhile bill, and I hope it will be passed.

Mr. REVERCOMB. Mr. President, I too, wish to extend my compliments and pay tribute to the able Senator from Virginia [Mr. BYRD], the chairman of the Committee on Finance. I know a great deal of consideration was given to the bill, as to which deep interest has been shown throughout the country, including my State. It is a good bill. It is a needed bill. I am glad that it is ready for passage, and I hope that it will be passed.

Mr. JOHNSTON of South Carolina. Mr. President, I wish to join in commending the Senator from Virginia [Mr. BYRD] for the work he has done. I must say that there is not too much that we can do for our veterans. Legislation of this character is very much needed, and I hope the bill will be passed.

Mr. YARBOROUGH. Mr. President, I desire to associate myself with the Senators who have commended the Committee on Finance for the work on the pending bill. I congratulate the senior Senator from Virginia [Mr. BYRD] for his thorough work and his concise report on H. R. 52. We all know that the senior Senator from Virginia appreciates the value of a dollar, and the fact that the has endorsed the proposed legislation shows the urgency of the need. I have visited with many disabled veterans in Texas, and know the impelling need for legislation to increase payments to disabled veterans.

Mr. COOPER subsequently said: Mr. President, I ask unanimous consent to have inserted in the RECORD at a point prior to the passage of House bill 52, a statement which I send to the desk.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

I am very glad that the distinguished chairman of the Senate Committee on Finance [Mr. BYRD] has reported H. R. 52 to the Senate, and has urged its passage.

While the bill does not satisfy all the needs of our veterans, it does provide increases in service-connected disability compensation for all our veterans and increases the dependency allowances for veterans of the Spanish-American War, the Philippine Insurrection, and the Boxer Rebellion, as well as for regular peacetime service.

I am happy to support this bill for our veterans, and urge its passage by the Senate.

The PRESIDING OFFICER. The question is on the passage of the bill.

The bill (H. R. 52) was passed.

RURAL DEVELOPMENT

Mr. THURMOND. Mr. President, in the current issue of Time magazine for August 12, 1957, on page 80 there is an interesting article to which I wish to call attention. The title of this article is "Rural Development—One Farm Program That Works."

With a Federal cash outlay of only $2,100,000 during the past fiscal year, a great deal has been accomplished by the rural development program. Congress has approved an appropriation of $2,500,000 for fiscal 1957–58.

This program deals with approximately 2,500,000 farmers who are in the marginal income category—those who are having a hard time making ends meet. The article to which I refer in Time describes some of the work which has been done under rural development during the past year—how this program has helped many small farmers in their specific problems. Rural development endeavors to study the individual farmer's need and helps him to find some solution to it. It is not a give-away program, but a program to help the marginal farmer to achieve self help.

Mr. President, in my opinion that is one of the greatest things that could be done for the small farmer. So much of our legislation has dealt with the problems of the large producer and the average producer that the really small farmer has been left out.

Not only that, but a program of self-help and technical assistance is much more important in dealing with a problem like this than even support prices, perhaps.

This article describes how 54 counties were selected in the Southeast, the Southwest, New England, and along the Ohio Valley, as well as in the Great Lakes area. In certain instances the program has dealt with the problem of helping farmers to make the best use of their land and equipment. In others it has helped to develop jobs in industry as a supplement to farm income. It has assisted still others in the substitution of one program for another as the old program has faded into the past.

Mr. President, this article points up very well the great importance rural development is having on the small scale it has been used during the past year and that it can have on a larger scale.

I hope that every Member of the Senate will read this article, which I ask unanimous consent to have inserted at this point in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RURAL DEVELOPMENT—ONE FARM PROGRAM THAT WORKS

In campaigning for billions in price supports, Washington politicos often give the impression that the subsidies benefit all of America's 5,400,000 farm families. Actually, only a minority gets them, since only five crops (wheat, corn, cotton, rice, and tobacco) are supported, and they are produced by the Nation's most prosperous farmers. Left out almost completely are some 2,500,000 marginal farmers. These underfed and ill-housed families are a farm problem that few Congressmen talk about. Last week Congress grudgingly voted $2,500,000 for their benefit, a cut of $1,500,000 below the amount President Eisenhower urgently requested this year for rural development, the Nation's newest farm program.

Rural development is one of the few farm programs that really works. Yet it gets a cold reception from politicians because it is prompted by an unpleasant fact that they prefer to ignore. The fact: too many farmers are trying to scratch out a living on farms that are too small to be profitable. From 1930 to 1954, the average United States farm jumped from 157 to 242 acres. But, with the cost of mechanization, even that is not enough to support a single family in many areas. And in hundreds of scrubby farming counties the cultivated area per farm averages as little as 8½ acres.

To make the first broad-scale assault ever attempted on this problem, the Agriculture, Interior, Commerce, Labor, and Health, Education, and Welfare Departments, at President Eisenhower's orders, selected 54 counties and 3 multicounty areas in the Southeast, Southwest, New England, along the Ohio River Valley, and in the Great Lakes area as laboratories in which to test a new idea. The big idea: to encourage local farm leaders, businessmen, clergymen, and others to take over and work out their own farm-improvement plans, tailored to their own

needs, with technical and loan assistance supplied by their State and the Federal Government.

In the test counties, farmers got a choice. If they wanted to keep on farming, they were shown how to farm better, got help in buying more land and equipment. Others were helped in getting jobs in town or industry. Rural development has also persuaded industries to locate plants in distressed rural areas, and has aided farmers in starting their own businesses.

In Price County, Wis., Gordon Johnson, who was a misfit at dairying, last week started work on his first glass-fiber boat in his new company. In Monroe County, Ohio, ministers sparked a countywide poll of the labor force, which helped attract a new Olin Mathieson aluminum plant. In Espanola, N. Mex., fruit growers were helped to build a plant to grade and pack their apples and peaches. In Choctaw County, Okla., which was losing population in droves, a new cannery, a glove factory, and a feed mill were established.

With the help of rural development, many farmers are learning to be better farmers. In Lewis County, W. Va., rural development last year helped 12 farmers buy 146 western ewes. In one season they made enough from their lambs and wool to pay back the loan; this year they will pocket a sizable profit from their almost vertical hillside pastures.

In Tippah County, Miss., farmers were giving up their homesteads at the rate of nearly 100 a year, forced out of business by the cotton acreage cuts. The county was helped by rural development to launch a brand-new dairy industry. Merchants raffled off 27 prize Jersey cows as breeding stock, put up $25,000 to start a processing plant. The plant opened February 1, paid back the loan in full June 1. A similar shift is going on in Chesterfield County, S. C., hard hit by the cutbacks in tobacco acreage, where rural development is encouraging farmers to use tobacco barns no longer needed for curing tobacco to dry out and store sweetpotatoes. For many families, rural development means the amenities of living, whose lack is incomprehensible to many other Americans. In tiny Cañada de los Alamos, N. Mex., 13 Spanish-speaking families, thanks to rural development, now have a community well, ending generations of carrying water uphill.

Surveying such accomplishments, all brought about in little over a year with a Federal cash outlay of only $2,100,000 (the cost of storing Government price-supported crop surpluses for 2 days), some enthusiasts believe that if rural development were vastly expanded it would be an answer for the whole farm problem. But most experts point out that the plan's success is due to the fact that it relies on local and State initiative rather than a vast new Federal bureaucracy to dictate to farmers. As Editor F. W. Heath of the weekly Price County (Wis.) Bee put it last week: "At last we are beginning to realize that 'we' are the 'they' we talk about when we want something done."

Mr. AIKEN. Mr. President, I was about to rise for the same purpose for which the Senator from South Carolina did; namely, to ask unanimous consent to have the article from Time magazine printed in the RECORD. I am glad he has done so.

The rural development program, which has been going on quietly in 54 counties throughout the country, demonstrates what can be done by earnest people even with a small amount of money.

In fact, as we are just now finding out what can be done in this field, we should do more in it in the future. We have in our country at least a million and a half families living on small farms and who are trying to exist on an average annual income of around $1,000.

We can perform no better service than to help these people make a better living for themselves, either on or off the farm, or by a combination of both.

Therefore, Mr. President, I wish to pay tribute to the Undersecretary of Agriculture, Mr. True Morse, to the men who have been working on the rural development program in the field—and to the women, too, because they have been working in the homes, as well—in the past few years; and I hope that the program may be materially increased in the future.

UNIFORM SUCCESSION OF REAL AND PERSONAL PROPERTY IN CASE OF INTESTACY IN THE DISTRICT OF COLUMBIA

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 718, H. R. 6508.

The PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6508) to modify the Code of Law for the District of Columbia to provide for a uniform succession of real and personal property in case of intestacy, to abolish dower and curtesy, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

CHANGES IN THE POLICIES AND OPERATIONS OF THE DEPARTMENT OF AGRICULTURE WITH REGARD TO REA LOANS

Mr. HUMPHREY. Mr. President, on Tuesday I announced plans for a hearing by the Subcommittee on Reorganization of the Committee on Government Operations into reported changes in the Department of Agriculture's policies and operations with regard to REA loans.

The hearing had been scheduled for this morning.

Because we were unable to get Secretary Benson to appear as requested, it was necessary to postpone the hearing.

All week we have been endeavoring to obtain agreement on a new date, but I regret to report Secretary Benson has so far indicated no date on which he could or would appear.

Because I feel it my duty to conduct this hearing as part of my delegated responsibility from the Committee on Government Operations to continually evaluate use of reorganizational authority granted departments of the executive branch by the Congress, I wish to serve notice that the hearing will be held whenever Mr. Benson makes himself available, and I want to further express the hope that the Secretary of Agriculture will not persist in remaining away until Congress adjourns.

I want the RECORD clear on this inquiry.

Serious charges about the Secretary taking away authority of the Senate-confirmed REA Administrator to approve loans were made in the national REA magazine. As chairman of the Subcommittee having jurisdiction over the reorganizational authority the Secretary is alleged to have misused or abused, I called a hearing to give him full opportunity to answer and explain his side of the story.

Unfortunately, the Secretary is out in the vicinity of Priest River, Idaho, inspecting national forests. According to his staff, he has been informed of our request but was unable to return for the hearing today.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. I believe the fact should be mentioned that Secretary Benson has been vacationing in Idaho and Montana for the past month, and that he should be in Washington to answer inquiries being made by committees of Congress, a subcommittee of one of which the Senator from Minnesota heads, certainly inquiries with respect to matters such as the Senator from Minnesota has brought to our attention tonight.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CARROLL. Does the Senator from Minnesota desire to mention the name of the man of whom the Secretary was critical and with respect to whom the Secretary is to be interrogated?

Mr. HUMPHREY. The gentleman is Mr. Hamil.

Mr. CARROLL. Is it Mr. David Hamil, the Administrator of REA?

Mr. HUMPHREY. The Senator is correct.

Mr. CARROLL. In the press of Colorado and in other newspapers I have learned what is proposed to be done with Dave Hamil. He is not a Democrat. He is a Republican. I have learned not only what is proposed to be done with him, but what is proposed to be done with reference to the lending authority. I believe it is very important that the Secretary of Agriculture return to Washington so that he may be questioned on that very important subject.

Mr. HUMPHREY. Mr. President, I should like to have my colleagues know that the request made of the Secretary was not made in a spirit of criticism but was made in a spirit of cooperation. We assured him that we would like to have an explanation of what he was doing under the authority which had been granted by Congress. This was done because at the time the reorganizational plan for the Department of Agriculture was approved, the Secretary assured us, and transmitted it by printed record, that there would be no tampering whatsoever, in any detail, with the REA, its administration, or its policies. Those policies and administrative matters apparently have been tampered with, in the light of the evidence which has been brought to our attention.

As I said, the Secretary has been in the vicinity of Priest River, Idaho, inspecting the national forests. We have offered him several alternative dates,

but so far we have been unable to get any commitment whatsoever. We have asked on what date he will be available, but so far we have been able to get no commitment as to any date.

I appreciate the difficulty of negotiating a hearing date while the Secretary is vacationing in the woods. But I respectfully suggest that it would be helpful to Congress to have the Secretary here in the closing days of the session. After that he will have ample time to enjoy the woods.

I understand the Secretary is coming back for a Cabinet meeting next week. Without any reflection upon the Acting Secretary or the other officials of the Department, I wish to make it abundantly clear why I feel the Secretary himself must personally appear to discuss the REA situation. It was the Secretary who gave his personal assurances to the Subcommittee on Reorganization at the time he was given the reorganization authority. We can hardly call upon others to account for the Secretary's stewardship or his personal word in this instance.

I call the attention of my colleagues to the fact that the assurance of the Secretary was that the loan authority would remain in the hands of the REA Administrator, and would not in any way be tampered with.

I have asked the staff of the Committee on Government Operations to conduct its own investigation, until we can obtain from Secretary Benson his consent to appear, as soon as he returns from the woods.

I have a memorandum from the staff of the Senate Committee on Government Operations—one of the best staffs in Congress—giving me a breakdown or a listing of the efforts which have been made since Tuesday to obtain an audience with the Secretary of Agriculture. I only note that on Thursday, August 8, the committee's counsel advised my administrative assistant that the Deputy Secretary, Mr. True Morse, had communicated this request to the Secretary, and that the Secretary had replied that he could not appear on August 16, nor August 19, nor August 21, and that he did not know when he could appear.

I submit that this is no way for a Cabinet officer to conduct himself. I further suggest that in the light of the commitments which have been made by the Department of Agriculture, it would be prudent and wise on the part of the Secretary to extend cooperation to a subcommittee of Congress, a subcommittee which will give him a courteous hearing, will seek only the facts, and will in no way seek to embarrass him.

Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota.

INTEREST RATES

Mr. HUMPHREY. Mr. President, last month the Treasury Department offered notes at 4 percent, the highest interest rate since 1933. On August 5 the Federal Housing Administration boosted the interest rates on home loans to 5¼ percent. The following day Bankers Trust Company of New York, the ninth biggest bank in the country, raised its "prime" rate on loans to commercial borrowers from 4 percent to 4½ percent and other banks promptly followed suit.

As a result of the administration's tight money policies we are witnessing a frightening spectacle of interest rate "leap frog" whereby Treasury boosts its rates with the excuse it must do so to obtain funds, the FHA in turn raises home loan rates to attract funds, and the bankers in turn increase their rates on the grounds that "the prime rate has been lagging behind all the other rates for some time."

I ask, Mr. President, where does this all end? Whom will it benefit besides the big financial investors? It certainly will not benefit John Q. Public, who sees more and more of his taxes going to pay interest on the public debt. It certainly will not benefit home buyers, who see more and more of their monthly payments going to the bankers and other financial institutions. It certainly will not benefit small-business men, who are simply not able to compete in this battle of interest rates with their bigger competitors. It certainly will not benefit the farmers, who are paying more and more in interest on their loans.

What we are witnessing is the great shell game, and the American people are being taken for a ride by the money lenders. It is high time that we stop and ask ourselves just how long this will be permitted to go on. There should come a limit to our endurance.

I ask unanimous consent, Mr. President, that an article from the Wall Street Journal of August 7, announcing the boost in bank "prime" commercial loan rates to 4½ percent be inserted in the RECORD at the conclusion of my remarks. This article shows how fast interest rates have risen in the past year. "Prime" commercial rates from 3¾ percent to 4½ percent—that amounts to an increase of 20 percent. Prime commercial paper, 4 to 6 months, from 3⅛ percent to 3⅞ percent—an increase of 23 percent. This is what I call real inflation, but I have come to learn that this administration sheds no tears over the people being burdened with ever greater debts and heavy interest payments.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal of August 7, 1957]

BANKERS TRUST BOOSTS PRIME RATE ONE-HALF POINT TO 4½ PERCENT, BANKS IN OTHER CITIES FOLLOW, BUT NONE IN NEW YORK—RISE IS FIRST CHANGE SINCE AUGUST 1956; NEW LEVEL HIGHEST SINCE EARLY THIRTIES

NEW YORK.—Bankers Trust Co. of New York raised its prime rate on loans to commercial borrowers to 4½ percent from 4 percent, effective today. The new rate, the highest quoted by a major commercial bank since the early thirties, represents the first change in the basic cost of bank credit since last August.

Banks in Chicago, Boston, Philadelphia, Pittsburgh, Cleveland, St. Louis, Dallas, Kansas City, and Atlanta were among those that promptly announced they were following suit. But major banks in New York City, many larger than Bankers Trust, had no immediate announcements to make.

A spokesman for Bankers Trust, sixth largest bank in New York City and ninth biggest national, said the bank made the move "because the prime rate has been lagging behind all other rates for some time."

The prime rate is the fee commercial banks charge for loans to its biggest borrowers with the best credit rating. Interest charged other borrowers is scaled upward from the prime rate.

Although bankers had been openly discussing the need for another advance in the prime rate for some weeks, some of them indicated prior to yesterday that they were beginning to revise their thinking—largely, it was understood, because of somewhat less certainty about the business outlook.

But the Bankers Trust official said his bank had acted because its business loans have been going up faster than deposits, thus indicating this resulted in the bank having less money available to lend. Loans at the bank, he said, are about $35 million higher than last year, while deposits have gone up slightly.

The Bankers Trust announcement was made public at about 3 p. m. Other big New York banks, such as First National City, Chase Manhattan, Manufacturers Trust and Chemical Corn Exchange, were questioned as to their plans, but all said they could not answer immediately.

"This broke on us late in the afternoon and a lot of our people are away on vacation, making it pretty tough to get an immediate decision," an official of one of the other banks said. He said, however, that it was likely that other New York banks would boost the rate today.

Banks in cities that did not announce increases in their prime rate yesterday said it was almost a foregone conclusion they'd join the parade. "Of course, we'll follow suit almost immediately," said C. B. Stephenson, president of First National Bank of Portland, Oreg. "This sort of thing is practically automatic."

But a spokesman for Bank of America, the country's largest, at San Francisco, said: "We do not wish to comment at this early time."

The last time the prime rate was raised it was First National Bank of Boston, last August, which was the first to act, triggering a general advance from 3¾ percent to 4 percent. Yesterday a First National spokesman said: "The chances are 2 to 1 we will go up tomorrow."

Some New York bankers, however, indicated they might not have ordered prime rate increase at this time. Said a top official of a leading bank: "The business picture leaves room for doubt, and besides, this is the time of the year when our loans are usually at a relatively low level."

But this banker conceded that with a new Treasury financing ahead in the next 2 weeks or so, "if you were going to act, this would be the time to do it."

The climb of the prime rate has been paralleled by equally steady rises in other important borrowing rates, especially those of commercial paper and of bankers' acceptances. Both these short-term credit instruments are at record rates since the early 1930's.

Commercial paper, as quoted by broker-dealers, is at 3⅞ percent for prime 4 to 6 months' paper, and up to 4¼ percent for paper of less well known concerns. This compares with a rate just 1 year ago of 3⅛ percent for the prime 4-to-6 months' paper and 3½ percent for the smaller and less well known concerns.

Similarly, commercial paper sold through the large finance companies now ranges from 3½ percent on 30-to-89 day paper to 4 percent on 240-to-270-day notes. This is up sharply from rates of 2¾ percent on the 30-to-90-day paper to 3⅛ percent on 240-to-270-day notes.

Commercial paper is the money market term for notes which companies issue to raise funds for short-term seasonal needs.

The finance companies sell their paper directly to investors, while dealers, handling notes of other types of concerns, sell in the open market.

The most recent boost in commercial paper rates of brokers and dealers was made in mid-June. Shortly thereafter, the sales finance companies made their most recent change. The increases have nearly all come one-eighth percentage point at a time.

Bankers' acceptances range from 3½ percent bid, 3⅜ percent asked on 30-to-90-day bills to 3¾ percent bid, 3⅝ percent asked on 180-day bills. One year ago, the 30-to-90-day bills were at 2⅝ percent bid, 2½ percent asked and 180-day paper was at 2⅞ percent bid, 2¾ percent asked.

Bankers' acceptances, for the most part, are bills covering exports, imports and domestic shipments which have been accepted by a bank—putting the bank's credit behind the purchaser of the goods. After the draft has been accepted, it becomes negotiable and can be traded in the open market through dealers.

Bankers, as a rule, are reluctant to raise their rates just before the Government has to go into the capital market because of the impact such a change is likely to have on the price Uncle Sam would have to pay for his money.

For weeks, bankers across the country have been considering a prime rate increase mainly as a defensive measure, some said, to the higher rates borrowers have had to pay for capital funds. "Companies are balking at the 5½ percent interest they have to pay for long-term money and have been coming to us for help," said a New York lending officer.

This pressure, coupled with the effect on the banks of the Federal Reserve's policy of credit restraint, was said to be principal reasons behind a prime rate rise.

Commercial bank loans so far this year have increased at reporting banks in leading cities much more slowly than a year ago. But loans already on the books of these 210 banks in 12 key money centers are more than $3 billion higher than last year, thus reducing the banking industry's lending capacity.

At last report, only July 31, business loans at these banks had increased $514 million for the year, against $2 billion in the like period last year. So far in New York City Banks reporting to the Federal Reserve, commercial and industrial loans have increased $145 million, compared with $886 million last year. New York City business loans outstanding, however, are more than $1.6 billion above a year ago.

Mr. HUMPHREY. Mr. President, as a result of the rise in the prime bank rate from 4 percent to 4½ percent which was initiated on Tuesday, short term money rates have risen to the highest point since the bank holiday of 1933.

The Journal of Commerce of August 8 reports:

The latest culmination of the long rise in the curve of higher borrowing rates brought renewed deflation in the bond market, in the commercial paper market and in the bankers' acceptance market, in all of which yield rates were marked higher, and to the peak level of the past 26 years. Not since the bank holidays of 1933, when lenders of money arbitrarily made their own prices for funds, had short-term money rates generally been so high.

I ask unanimous consent, Mr. President, that two articles, one from the August 8 issue of the Wall Street Journal and the other from the Journal of Commerce of the same date, on the subject of higher short-term money rates, be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal of August 8, 1957]

MOST LARGE BANKS FOLLOW RISE TO 4½ PERCENT IN PRIME RATE; DEALERS HIKE BANKERS ACCEPTANCES, COMMERCIAL PAPER—INTEREST GOES UP ONE-QUARTER POINT ON ACCEPTANCES AND ONE-EIGHTH POINT ON COMMERCIAL PAPER

NEW YORK.—Short-term interest rates moved up on a broad front yesterday following the one-half-point rise in the prime bank rate Tuesday to 4½ percent by Bankers Trust Co. of New York.

Bankers acceptance dealers raised their rates one-quarter-point across the board and commercial paper dealers went up one-eighth-point on all maturities.

Most major banks in New York City and around the country have now adopted the new 4½ percent prime rate—the charge commercial banks make on loans to their biggest borrowers with the best credit ratings. Interest charged all other borrowers is scaled upward from the prime.

This basic bank credit rate, as well as commercial paper and bankers' acceptance rates to borrowers, continue to be the highest since the early thirties.

The upward moves by commercial paper and bankers acceptance dealers was expected. An increase in bank rates places the rates of short-term paper under pressure, since borrowers seek to shift more of their borrowings into these instruments. Dealers, however, who must pay the bank rate to raise their funds, would thus be caught in a squeeze unless they also move, a dealer explained.

New York banks joining the parade to the higher prime rate yesterday included First National City Bank, Irving Trust Co., Chase Manhattan Bank, United States Trust Co., Chemical Corn Exchange Bank, Hanover Bank, New York Trust Co., J. P. Morgan & Co., Inc., Bank of New York, and Guaranty Trust Co.

Manufacturers Trust Co. hopped on the bandwagon later in the day.

Also moving up to 4½ percent was the Nation's largest bank, Bank of America, headquartered in San Francisco.

Commercial paper is the money market term for notes which companies issue to raise funds for short-term seasonal needs. Brokers and dealers handling notes of business concerns sell them in the open market, while sales finance companies sell their paper directly to investors.

Bankers' acceptances, for the most part, are bills covering exports, imports, and domestic shipments which have been "accepted" by a bank—putting the bank's credit behind the purchaser of the goods. After the draft has been accepted, it becomes negotiable and can be traded in the open market through dealers.

The one-fourth percentage point increase in bankers' acceptances brought the rates up to 3¾ percent bid, 3⅝ percent asked on 30- to 90-day bills, 3⅞ percent to 3¾ percent on 120-day bills and 4 percent to 3⅞ percent on 180-day bills.

The increase of one-eighth percentage point in commercial paper by brokers and dealers brought their rates up to 4 percent for prime 4 to 6 months' paper and 4⅜ percent for lesser known names.

Both bankers' acceptance and commercial paper rates have been climbing gradually, mostly in one-eighth percentage point steps over the last year, while the banks' prime rate has remained unchanged in that period.

Nearly all major banks in Chicago, San Francisco, St. Louis, Cleveland, Los Angeles, Philadelphia, and Washington announced increases in their prime rates before the day was half gone.

By late yesterday all major Boston banks, First National Bank, Merchants National Bank, Second Bank-State Street Trust Co., National Shawmut Bank, and Rockland-Atlas National Bank had all gone to 4½ percent.

In Chicago, Northern Trust Co. became the fourth of that city's largest banks to go to 4½ percent.

In San Francisco, besides Bank of America, American Trust Co., Bank of California, First Western Bank & Trust Co., and Crocker-Anglo National Bank indicated they were going along with the prime rate rise.

Two of Washington, D. C.,'s three largest banks boosted their prime rates, American Security & Trust Co. and Riggs National Bank. A pair of Philadelphia banks raising their rate were Fidelity-Philadelphia Trust Co. and Central-Penn National Bank.

Other banks to raise their rates were Mellon National Bank & Trust Co., Pittsburgh; California Bank of Los Angeles; Central National Bank of Cleveland; Union Commerce Bank, Cleveland; and First National Bank of Minneapolis. According to James P. Hickock, president of St. Louis' First National Bank, all the large St. Louis banks went to 4½ percent yesterday.

[From the Journal of Commerce of August 8, 1957]

SEQUEL TO PRIME RATE HIKE—SHORT TERM MONEY RATES RISE TO HIGHEST SINCE 1933

(By Ed Tyng)

Major commercial banks in all the principal cities of the United States almost unanimously joined in the move initiated by the Bankers Trust Co. on Tuesday in raising to 4½ from 4 percent the rate at which they make unsecured loans to "blue chip" customers.

The latest culmination of the long rise in the curve of higher borrowing rates brought renewed deflation in the bond market, in the commercial paper market and in the bankers' acceptance market, in all of which yield rates were marked higher, and to the peak level of the past 26 years. Not since the bank holidays of 1933, when lenders of money arbitrarily made their own prices for funds, had short-term money rates generally been so high.

RAISED BY FRACTIONS

Yield rates for commercial paper were marked up one-eighth of 1 percent and those on bankers acceptances were quoted one-quarter of 1 percent higher. Relatively minor declines occurred in the Government bond market, which accepted the view of the Under Secretary of the Treasury, W. Randolph Burgess, that the higher prime rate already had been largely "discounted."

The principal New York banks saw no alternative but to follow the lead of the Bankers Trust Co., since to do otherwise would put more loan pressure upon them than they had funds available to lend.

Among the first to quote higher rates in line with the Bankers Trust Co. quotation were the Chase Manhattan Bank and the First National City Bank, the two largest banks in the East. Announcement of a similarly higher rate came also from the Chemical Corn Exchange Bank, the Manufacturers Trust Co., the Guaranty Trust Co., J. P. Morgan & Co., the New York Trust Co., United States Trust Co., Irving Trust Co., Marine Midland Trust Co., and many others.

IN LINE WITH PRIME RATE

Dealers in commercial paper, which is defined as promissory notes sold in the open market or directly to buyers, quoted rates of yield one-eighth of 1 percent higher, explaining that this was a smaller rise than anticipated but in line with the prime rate. The new commercial paper yield rate ranges from 4 percent for so-called best names to 4⅜ percent for lesser names. The commercial paper rate is directly competitive with the bank lending rate.

The latest increases in short-term money rates gave more than average significance to the position of the Federal Reserve banks rediscount rate, which at 3 percent is now much out of line with other rates. Directors of the Federal Reserve Bank of New York will pass upon the discount rate at a meeting to be held this afternoon. They may not change the existing rate.

The bankers acceptance rate, now one-quarter of 1 percent higher at 3¾ percent bid for 90 days, was up despite a good foreign demand for bills which, up to Tuesday, had been calculated to be adequate to absorb all supplies.

BOND MARKET CHANGES MODEST

Relatively modest changes, ranging from small fractions to a point, occurred in the bond market, which tended toward the view that the worst was now over so far as the money picture was concerned and that future developments could be only constructive. During most of the day corporate bonds were easier to unchanged with only moderate trading activity.

A few Government securities sank to new lows but many remained above previous bottom prices. The Treasury is on the eve of seeking $1½ billion to $2 billion of new money and may have to pay more for the funds in the light of new rates for other short-term funds.

Despite the higher prime rate for business borrowers in the "blue chip" class—a classification comprising not much more than 100 national corporations—bank credit continued to be available.

Many of the larger banks reiterated their view that credit expansion for commerce and industry won't go much further this calendar year. They declared the latest round of higher rates would preclude much borrowing that up to now had been contemplated. Other banks took a dim view of this supposition in the light of rising loan demands upon them.

The prime rate, while it has a limited application and therefore is not as important as are some other short-term interest rates, is a basic rate that is used as a yardstick for other forms of bank credit. Many of these other forms are now being marked up to correspond to the change in the prime rate.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that a brief article from the August 8 issue of the Wall Street Journal be inserted in the RECORD. It reports that the Federal National Mortgage Association, better known as Fannie May, will pay a record rate of 4⅜ percent on its $165 million public offering. This is the highest rate in the agency's 19-year history.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FANNIE MAY WILL PAY RECORD RATE OF 4⅜ PERCENT ON $165 MILLION ISSUE

WASHINGTON.—The Federal National Mortgage Association put a 4⅜ percent rate on its $165 million public offering today, the highest rate in the agency's 19-year history.

The secondary market debentures are being offered through Fannie May's fiscal agent, John H. Claiborne, Jr., New York, and a nationwide group of securities dealers.

The interest rate the agency will pay compares with 4¼ percent offered with a $100 million issue of debentures sold in June.

Fannie May, which buys and sells federally backed mortgages in the secondary, or resale market, originally planned to offer its latest debenture block Wednesday, but delayed the issue until today, presumably because of the new increase in the prime rate put into effect for the first time yesterday.

The new issue is being offered at par. It will be dated August 20, 1957, and will mature July 10, 1958.

Mr. HUMPHREY. Mr. President, I do not know when Congress will do something about high interest rates. We piddle around here many times with a lot of minor issues, when, in fact, the American people are being taken to the cleaners in the most inflationary market, in terms of the rent of money, that America has known since the dark days of the depression.

If the administration is unwilling to take control of these matters and to exercise its power in the public interest, then I think it is the duty of Congress to do so. Congress talks about economy. Many Senators believe strongly in economy. The best way to give ourselves some economy is to stop the runaway interest rates which are causing inflation. That is exactly what is going on. It is going on with the backing, support, connivance, and premeditation of this administration. Every day, every week, we see the picture expand.

I hope that before this session is over, at least some resolution may be adopted by this body, indicating the displeasure of the Congress with this fantastic picture of the administration, on the one hand, crying crocodile tears over inflation, and on the other hand, really creating it.

I submit that there is no commodity which has had its price rise as much as has the commodity of money. Money under this administration has had the greatest price increase of any commodity on the American market.

I charge this administration with financial hypocrisy and duplicity.

UNIFORM SUCCESSION OF REAL AND PERSONAL PROPERTY IN CASE OF INTESTACY IN THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (H. R. 6508) to modify the Code of Law for the District of Columbia to provide for a uniform succession of real and personal property in case of intestacy, to abolish dower and curtesy, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is H. R. 6508.

Mr. JOHNSON of Texas. And what is H. R. 6508?

The PRESIDING OFFICER. It is a bill to modify the Code of Law for the District of Columbia to provide for a uniform succession of real and personal property in case of intestacy, to abolish dower and curtesy, and to grant unto a surviving spouse a statutory share in the other's real estate owned at time of death, and for other purposes.

Mr. JOHNSON of Texas. I hope the explanation of the bill by the able chairman of the subcommittee will be briefer than the title. [Laughter.]

Mr. CLARK. Mr. President, I shall endeavor to accommodate the distinguished majority leader.

The purpose of the bill is to modify the Code of Law for the District of Columbia to provide for the uniform succession of real and personal property in case of intestacy, to abolish dower and curtesy, and to grant unto a surviving spouse a statutory share in the other's real estate owned at time of death.

The bill is in the form of a uniform law which is now in existence in all except three States of the Union. It was introduced at the request of the Bar Association of the District of Columbia and has the approval of the Board of Commissioners of the District of Columbia. At the hearings held before the Committee on the District of Columbia, there was no opposition to the bill.

Mr. President, I offer the amendments which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. MORSE in the chair). The amendments will be stated.

The LEGISLATIVE CLERK. On page 2, line 17, immediately after "SEC. 3." it is proposed to insert "(a)".

On page 3, between lines 6 and 7, it is proposed to insert the following new subsection:

(b) The intestate share as provided by section 940 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, shall attach to all real property owned by husband or wife during coveture: *Provided*, That neither husband nor wife hereafter shall have the right to convey, transfer, or encumber his or her real property free of the surviving spouse's interest in case of intestacy, as provided in this act, without joinder of the other spouse.

On page 6, line 17, it is proposed to strike out "Married" and insert in lieu thereof the following:

Subject to the provisions of subsection (b) of section 3 of this act, married.

Mr. CLARK. The purpose of the amendments is to give to the spouse a vested interest in all real property acquired by either during coveture. In other words, neither spouse would have the right to convey, transfer, or encumber his or her real property without joinder of the other spouse.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Pennsylvania.

The amendments were agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6508) was read the third time, and passed.

Mr. CLARK subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, following the passage of House bill 6508, a letter which I send to the desk.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WILLEY & CROOKS,
Washington, D. C., August 8, 1957.

Hon. JOSEPH S. CLARK,
United States Senate,
Washington, D. C.

MY DEAR SENATOR CLARK: As I believe you are aware, the Bar Association of the District

of Columbia has been extremely concerned with revision of the Code of Laws for the District of Columbia to provide for uniform succession of real and personal property in case of intestacy and to establish, in lieu of dower and curtesy, a statutory share in a surviving spouse. The bill, authored by the association some 4 years ago, and passed by the House of Representatives this session of Congress, being H. R. 6508, was reported favorably by your subcommittee and the Committee on the District of Columbia.

Recently Bill Gulledge informed me that the Women's Bar Association had pointed out its approval of the bill except that it urged such bill should contain a provision which would have the effect of creating an inchoate right in the surviving spouse's share. This does not surprise me nor members of my committee on probate law of the association.

As you know, common law dower, which has been a part of the law of the District of Columbia since 1801, attaches to all real estate owned by the husband during marriage and a wife must join in any conveyance of a husband to release such dower. In 1916, Maryland provided that common law dower be applied to both husband and wife, and since that time in the conveyance of Maryland real estate, it is necessary that a husband join in the conveyance by the wife of her separate estate in land. The proposed amendment has the same effect as to the statutory share, which is not only in lieu of dower and curtesy but gives a greater interest than dower.

In keeping with the modern concept of protecting a spouse as to property owned by the other spouse during marriage by requiring the joinder of both spouses in the conveyance of any real estate owned by either, I see no objection to the position of the Women's Bar Association.

I have discussed this matter with Bill Gulledge and a member of the Office of the Legislative Counsel of the Senate and the proposed amendment of section 3 of the bill, in my view, is desirable. I believe there will be no objection in the House.

There is much to be accomplished by this legislation, now so close to final adoption, that I respectfully urge that the bill be submitted to the Senate at the earliest opportunity with the amendment.

Your continued interest will be deeply appreciated.

Respectfully,

JAMES A. CROOKS.

APPOINTMENT OF REPRESENTATIVES OF THE UNITED STATES IN THE ORGANS OF THE INTERNATIONAL ATOMIC AGENCY

Mr. JOHNSON of Texas. Mr. President, there is at the desk House bill 8992. It has been passed by the House, but it is not on the Senate Calendar. It is an atomic energy bill. I invite the attention of the distinguished minority leader [Mr. KNOWLAND] and the distinguished junior Senator from New Mexico [Mr. ANDERSON].

I ask that the bill be laid before the Senate.

The PRESIDING OFFICER laid before the Senate (H. R. 8992) to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes, which was read twice by its title.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of the bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

Mr. KNOWLAND. Mr. President, I have no objection to the present consideration of the bill. I understand that the distinguished chairman of the Joint Committee on Atomic Energy intends to request that all after the enacting clause of the House bill be stricken out, and that there be inserted the text of the corresponding Senate billl.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas that the Senate proceed to the consideration of House bill 8992.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8992) to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes.

Mr. ANDERSON. Mr. President, I move that all after the enacting clause of House bill 8992 be stricken out, and that there be inserted the text of Senate bill 2673, as reported to the Senate.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause of H. R. 8992, and to insert:

Be it enacted, etc., That this act may be cited as the "International Atomic Energy Participation Act of 1957."

SEC. 2. (a) The President, by and with the advice and consent of the Senate, shall appoint a representative and a deputy representative of the United States to the International Atomic Energy Agency (hereinafter referred to as the Agency), who shall hold office at the pleasure of the President. Such representative and deputy representative shall represent the United States on the Board of Governors of the Agency, may represent the United States at the General Conference, and may serve ex officio as United States representative on any organ of that Agency, and shall perform such other functions with the participation of the United States in the Agency as the President may from time to time direct.

(b) The President, by and with the advice and consent of the Senate, may appoint or designate from time to time to attend a specified session or specified sessions of the General Conference of the Agency a representative of the United States and such number of alternates as he may determine consistent with the rules of procedure of the General Conference.

(c) The President may also appoint or designate from time to time such other persons as he may deem necessary to represent the United States in the organs of the Agency. The President may designate any officer of the United States Government, whose appointment is subject to confirmation by the Senate, to act, without additional compensation, for temporary periods as the representative of the United States on the Board of Governors or to the General Conference of the Agency in the absence or disability of the representative and deputy representative appointed under section 2 (a) or in lieu of such representatives in connection with a specified subject matter.

(d) All persons appointed or designated in pursuance of authority contained in this section shall receive compensation at rates determined by the President upon the basis of duties to be performed but not in excess of rates authorized by sections 411 and 412 of the Foreign Service Act of 1946, as amended (22 U. S. C. 866, 867), for chiefs of mission and Foreign Service officers occupying positions of equivalent importance, except that no Member of the Senate or House of Representatives or officer of the United States who is designated under subsection (b) or subsection (c) of this section as a delegate or representative of the United States or as an alternate to attend any specified session or specified sessions of the General Conference shall be entitled to receive such compensation. Any person who receives compensation pursuant to the provisions of this subsection may be granted allowances and benefits not to exceed those received by chiefs of mission and Foreign Service officers occupying positions of equivalent importance.

SEC. 3. The participation of the United States in the International Atomic Energy Agency shall be consistent with and in furtherance of the purposes of the Agency set forth in its statute and the policy concerning the development, use, and control of atomic energy set forth in the Atomic Energy Act of 1954, as amended. The President shall, from time to time as occasion may require, but not less than once each year, make reports to the Congress on the activities of the International Atomic Energy Agency and on the participation of the United States therein. In addition to any other requirements of law, the Department of State and the Atomic Energy Commission shall keep the Joint Committee on Atomic Energy, the House Committee on Foreign Affairs, and the Senate Committee on Foreign Relations, as appropriate, currently informed with respect to the activities of the Agency and the participation of the United States therein.

SEC. 4. The representatives provided for in section 2 hereof, when representing the United States in the organs of the Agency, shall, at all times, act in accordance with the instructions of the President, and such representatives shall, in accordance with such instructions, cast any and all votes under the statute of the International Atomic Energy Agency.

SEC. 5. There is hereby authorized to be appropriated annually to the Department of State, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the payment by the United States of its share of the expenses of the International Atomic Energy Agency as apportioned by the Agency in accordance with paragraph (D) of article XIV of the statute of the Agency, and for all necessary salaries and expenses of the representatives provided for in section 2 hereof and of their appropriate staffs, including personal services without regard to the civil service laws and the Classification Act of 1949, as amended; travel expenses without regard to the standardized Government travel regulations, as amended, the Travel Expense Act of 1949, as amended, and section 10 of the act of March 3, 1933, as amended; salaries as authorized by the Foreign Service Act of 1946, as amended, or as authorized by the Atomic Energy Act of 1954, as amended, and expenses and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a); translating and other services, by contract; hire of passenger motor vehicles and other local transportation; printing and binding without regard to section II of the act of March 1, 1919 (44 U. S. C. 111); official functions and courtesies; such sums as may be necessary to defray the expenses of United States participation in the Preparatory Commission for the Agency, established pursuant to annex I of the statute of the Agency; and

such other expenses as may be authorized by the Secretary of State.

SEC. 6. (a) Notwithstanding any other provision of law, Executive order, or regulation, a Federal employee who, with the approval of the Federal agency or the head of the department by which he is employed, leaves his position to enter the employ of the Agency shall not be considered for the purposes of the Civil Service Retirement Act, as amended, and the Federal Employees' Group Life Insurance Act of 1954, as amended, as separated from his Federal position during such employment with the Agency but not to extend beyond the first 3 consecutive years of his entering the employ of the Agency: *Provided*, (1) That he shall pay to the Civil Service Commission within 90 days from the date he is separated without prejudice from the Agency all necessary deductions and agency contributions for coverage under the Civil Service Retirement Act for the period of his employment by the Agency, and (2) That all deductions and agency contributions necessary for continued coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, shall be made during the term of his employment with the International Atomic Energy Agency. If such employee, within 3 years from the date of his employment with the Agency, and within 90 days from the date he is separated without prejudice from the Agency applies to be restored to his Federal position, he shall within 30 days of such application be restored to such position or to a position of like seniority, status and pay.

(b) Notwithstanding any other provision of law, Executive order, or regulation, any Presidential appointee or elected officer who leaves his position to enter, or who within 90 days after the termination of his position enters, the employ of the Agency, shall be entitled to the coverage and benefits of the Civil Service Retirement Act, as amended, and the Federal Employees' Group Life Insurance Act of 1954, as amended, but not beyond the earlier of either the termination of his employment with the Agency or the expiration of 3 years from the date he entered employment with the Agency: *Provided*, (1) That he shall pay to the Civil Service Commission within 90 days from the date he is separated without prejudice from the Agency all necessary deductions and agency contributions for coverage under the Civil Service Retirement Act for the period of his employment by the Agency, and (2) That all deductions and agency contributions necessary for continued coverage under the Federal Employees' Group Life Insurance Act of 1954, as amended, shall be made during the term of his employment with the Agency.

(c) The President is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section and to protect the retirement, insurance, and such other civil-service rights and privileges as the President may find appropriate.

SEC. 7. Section 54 of the Atomic Energy Act of 1954, as amended, is amended by adding the following new sentence: "Unless hereafter otherwise authorized by law the Commission shall be compensated for special nuclear material so distributed at not less than the Commission's published charges applicable to the domestic distribution of such material, except that the Commission to assist and encourage research on peaceful uses or for medical therapy may so distribute without charge during any calendar year only a quantity of such material which at the time of transfer does not exceed in value $10,000 in the case of one nation or $50,000 in the case of any group of nations." In the case of the International Atomic Energy Agency the Commission may distribute only such amounts of special nuclear materials as are authorized by Congress: *Provided, however*, That, notwithstanding this provision, the Commission is hereby authorized subject to the provisions of section 123, to distribute to the Agency 5,000 kilograms of contained uranium 235, together with the amounts of special nuclear material which will match in amount the sum of all quantities of special nuclear materials made available by all other members of the Agency to July 1, 1960.

SEC. 8. In the event of an amendment to the statute of the Agency being adopted in accordance with article XVIII–C of the statute to which the Senate by formal vote shall refuse its advice and consent, upon notification by the Senate to the President of such refusal to advise and consent, all further authority under section 2, 3, 4, and 5 of this act, as amended, shall terminate: *Provided, however*, That the Secretary of State, under such regulations as the President shall promulgate, shall have the necessary authority to complete the prompt and orderly settlement of obligations and commitments to the Agency already incurred and pay salaries, allowances, travel expenses, and other expenses required for a prompt and orderly termination of United States participation in the Agency: *And provided further*, That the representative and the deputy representative of the United States to the Agency, and such other officers or employees representing the United States in the Agency, under such regulations as the President shall promulgate, shall retain their authority under this act for such time as may be necessary to complete the settlement of matters arising out of the United States participation in the Agency.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. ANDERSON subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, following the point at which the text of Senate bill 2673 was substituted for the text of House bill 8992, the explanation to be found on page 2 of the report, consisting of 6 or 7 paragraphs.

There being no objection, the excerpt from the report (No. 778) was ordered to be printed in the RECORD, as follows:

EXPLANATION

The Participation Act is similar to the Participation Act providing for representation of the United States at the United Nations and also at the specialized agencies, together with certain provisions specially applicable to the atomic-energy program. The act permits the President to name the representatives and deputy representatives of the United States to the Board of Governors and the General Conference and to the other organs of the Agency. The representatives and deputy representatives are to be appointed with the advice and consent of the Senate. The representatives are to vote and to act in accordance with the instructions of the President.

The bill provides for regular reporting of the activities of the Agency to the Congress and requires the participation of the United States to be in conformity with the statute of the Agency and the Atomic Energy Act of 1954.

The bill authorizes the payments of the United States share of the annual budget of the Agency, the expenses of the United States representatives to the Agency, and also its share of the expenses of the Preparatory Commission.

In order to encourage Federal employees to go with the Agency, they are given 3 years' protection on civil-service retirement, life insurance, and reinstatement rights in their positions.

To be sure that the materials distributed to the Agency are not a giveaway, they are required to be paid for at no less than the charges established for domestic use. While the President's offer of 5,000 kilograms of uranium 235, together with matched amounts of materials made available to the Agency by other members, is authorized, these materials must be distributed to the Agency under agreements for cooperation. Amounts above and beyond these require express Congressional authorization.

If the Senate by a formal vote should fail to ratify an amendment which goes into force for the Agency, all authority in the Participation Act is terminated except for that required for a prompt and orderly settlement of our representation.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill read a third time.

The bill (H. R. 8992) was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2673, to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency and to make other provisions with respect to the participation of the United States, is indefinitely postponed.

Mr. BRICKER subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks, in connection with the passage of House bill 8992, dealing with the International Atomic Energy Agency, the statement which I send to the desk.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRICKER

I urge approval of the proposed International Atomic Energy Participation Act as reported by the Joint Committee on Atomic Energy.

I shall limit my remarks to section 7 of the bill. Section 7 is an exercise of the responsibility vested exclusively in the Congress by article IV, section 3, paragraph 2, of the Constitution of the United States. That constitutional provision reads in pertinent part as follows:

"The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States."

Under the terms of the statute of the International Atomic Energy Agency, the United States will make fissionable materials available to the Agency. These special nuclear materials, highly strategic and very costly, are, in the words of the Constitution, "property belonging to the United States."

Nevertheless, some editorial writers believe that the President should have a blank check, drawn on our atomic bank and payable to the order of the International Atomic Energy Agency. They attack Congressional regulation of the distribution of atomic materials as an effort to handcuff the President in foreign affairs. This is not the purpose or effect of section 7 of the pending bill. In any event, it is the Congress, not the President, which is vested with constitutional power to dispose of property of the United States.

Section 7 contains two sentences. Both sentences are important. Both should be approved as written. The first sentence to be added to section 54 of the Atomic Energy Act of 1954, reads as follows:

"Unless hereafter otherwise authorized by law the Commission shall be compensated for special nuclear material so distributed at

not less than the Commission's published charges applicable to the domestic distribution of such material, except that the Commission to assist and encourage research on peaceful uses or for medical therapy may so distribute without charge during any calendar year only a quantity of such material which at the time of transfer does not exceed in value $10,000 in the case of one nation or $50,000 in the case of any group of nations."

In hearings on the treaty to establish the International Atomic Energy Agency, the Secretary of State, and the Chairman of the Atomic Energy Commission denied that any giveaway program was contemplated. Relying on those assurances, the Senate consented to ratification on June 18, 1957. However, article IX, A, of the treaty provides that members may make special fissionable materials available to the Agency "on such terms as shall be agreed with the Agency." Nothing in the Atomic Energy Act of 1954 would prohibit gifts of special fissionable materials by the United States to the Agency. Therefore, the first sentence of section 7 of the pending bill merely confirms the understanding of the administration and the Senate by providing that materials distributed abroad by the Atomic Energy Commission shall be compensated for at not less than domestic charges.

Our committee recognized, however, that, in appropriate circumstances, small quantities of special nuclear materials should be donated to encourage research on peaceful uses or for medical therapy. For these purposes the bill permits the Commission to donate up to $10,000 worth of special nuclear materials to any nation during a calendar year, and up to $50,000 worth to any group of nations in a calendar year.

The second sentence of section 7 of the pending bill was adopted by the Atomic Energy Committee at my suggestion. The sentence reads as follows:

"In the case of the International Atomic Energy Agency the Commission may distribute only such amounts of special nuclear materials as are authorized by Congress: *Provided, however,* Notwithstanding this provision, that the Commission is hereby authorized subject to the provisions of section 123, to distribute to the Agency 5,000 kilograms of contained uranium 235, together with the amounts of special nuclear material which will match in amount the sum of all quantities of special nuclear materials made available by all other members of the Agency to July 1, 1960."

To encourage participation in the International Atomic Energy Agency by the nations of the world, President Eisenhower on October 26, 1956, offered to make available to the Agency, from the time the Agency was established until July 1, 1960, 5,000 kilograms of uranium 235 plus contributions matching those made available by other members of the Agency. Of course, the President's offer was not a legally binding commitment. Nevertheless, the Atomic Energy Committee believed that the President should be authorized to fulfill what might be regarded as a moral obligation to the Agency. Accordingly, section 7 of the bill authorizes the President, subject to the provisions of section 123 of the Atomic Energy Act, to dispose of special nuclear material valued at approximately $80 million, exclusive of the matching contributions.

Those who believe that the President should have a free hand in disposing of special nuclear materials naturally oppose section 7 of the pending bill. Their opposition springs, however, from serious misconceptions of law and of fact.

First, some of the opponents of section 7 are either unfamiliar with article IV, section 3, of the Constitution, or they believe that the President should exercise a legislative power specifically delegated by the Constitution to the Congress.

Second, those who describe my amendment to the bill as a blow to the atoms-for-peace program are saying, in effect, that the Congress cannot be trusted to carry out treaty obligations of the United States. There is not a shred of evidence showing that the Congress, at any time during the past 50 years, has dishonored any treaty made by the President and the Senate. Although I have misgivings about some of the treaties to which the United States is a party, I have never voted for and have never urged unilateral repudiation by the United States.

Third, the opponents of section 7 seem to believe that no Congressional controls over the exportation of fissionable materials are necessary because, they say, the so-called atoms-for-peace treaty provides adequate safeguards. That is not true. The treaty language provides that adequate health and safety standards will be established; that an adequate inspection system will be devised; that competent scientific personnel will be recruited. The Agency is committed to all of these things at some future time. It would be reckless, indeed, for the Congress to authorize virtually unrestricted distribution of nuclear materials without knowing what controls against misuse of the material may eventually be adopted by the Agency.

Fourth, some opponents of section 7 seem to believe that the Congress intends to enact separate legislation for each allocation of fissionable material to the International Agency in excess of 5,000 kilograms. That is perfect nonsense. When the Agency has acquired some operational experience, the Congress will no doubt pass a general authorization bill tailored to fit the Agency's needs and capabilities.

The fifth misconception on the part of opponents of my amendment to the bill is that the United States has a huge stockpile or surplus of special nuclear materials above and beyond military and domestic industrial requirements. That may or may not be true. The pertinent information has not been made available to the Joint Committee on Atomic Energy. I shall not vote for a blank check on our atomic bank until I have more precise information about the assets and liabilities of that bank.

Finally, the opponents of section 7 of the bill labor under the delusion that the International Atomic Energy Agency has some pressing need for more than $80 million worth of fissionable material. But, as President Eisenhower pointed out when he signed the instrument of treaty ratification:

"* * * if we will look ahead, we see how much new ground we still must break. Many new fields must be pioneered before this Agency becomes a functioning reality. New international functions must be organized and made to work. Much development in atomic science itself will be required before the full possibilities of these discoveries are realized. Much remains to be accomplished in the fields of arms limitation and international cooperation."

Section 7 of the bill is constitutionally sound, and generous within prudential limits. I urge its approval by the Senate.

TRANSFER OF CERTAIN ARCHIVES TO THE COMMONWEALTH OF PUERTO RICO

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 800, House Joint Resolution 275; and I invite the attention of the Senator from South Carolina [Mr. JOHNSTON] to this matter.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (H. J. Res. 275) transferring to the Commonwealth of Puerto Rico certain archives and records in the possession of the National Archives.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the joint resolution.

Mr. JOHNSTON of South Carolina subsequently said: Mr. President, in connection with the joint resolution transferring certain archives to the Commonwealth of Puerto Rico, I ask unanimous consent to have printed in the RECORD, immediately prior to the passage of the joint resolution, an excerpt from the report, regarding the basic reasons for the transfer; the excerpt includes a part of page 4 and all of page 5. That portion of the report explains the reasons for the joint resolution.

There being no objection, the excerpt from the report (No. 777) was ordered to be printed in the RECORD, as follows:

The basic reasons for the transfer of these records to the government of Puerto Rico are as follows:

1. Puerto Rico is an associated State or Commonwealth, and, as stated in the preamble of this bill, "it is fitting that such documents be now placed in the custody of the government of the said Commonwealth."

2. The Commonwealth of Puerto Rico has provided by law for an archival program (the above cited "act to establish a program for the preservation and disposal of public documents," approved December 8, 1955), which program is now in operation and supported by appropriations. The Commonwealth has recently made the initial appropriation toward a new archival building, which will, according to plans, provide air conditioning and other safeguards. It has already contracted for the purchase of a laminating machine, which will enable it to rehabilitate the fragile and damaged material. It paid for the trip of a staff member of the National Archives to go to Puerto Rico last fall to help plan and organize the program. It has recently employed another staff member of the National Archives (who will be given leave of absence) to supervise the program and train employees for a period of 12 months. Provisos in the bill insure that this program will be brought to a more advanced stage before the records will be transferred; indeed, the passage of the bill with these provisos will help to encourage the Puerto Ricans in this undertaking and help to secure continued support for it.

3. It is desirable for archival, administrative, and historical reasons to bring the original body of records together. The greater part, as has been described, is already in Puerto Rico. We can make little further headway in the National Archives toward a final arrangement of the records here because the registers and other controls that should determine that arrangement are in Puerto Rico. The Puerto Ricans likewise cannot set up their part of the records without knowing what is here. Programs for arrangement, description, and repair must await the merging of the two major bodies. Only then can the lesser parts be fitted in and the missing parts, lost in the fire or otherwise, be determined. Only after all this is done will it be possible to understand and make full use of the records for administrative, legal, historical, and other research purposes. The greatest demand for such use will come from Puerto Rico and Puerto Ricans and not from the United States, so the location of the re-

united body should unquestionably be in Puerto Rico.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H. J. Res. 275) was ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. Is the Senator from Texas ready to move that the Senate take a recess?

Mr. JOHNSON of Texas. Mr. President, I wish to express my gratitude to the distinguished senior Senator from Oregon [Mr. MORSE], the present occupant of the chair, for the efficiency with which he has conducted the public business.

There are three of four other important bills which we wish to have passed this evening. One of them affects Texas, and is very important.

The PRESIDING OFFICER. Very well.

RIO GRANDE REHABILITATION PROJECT, TEXAS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration—while the Senator from Oregon [Mr. MORSE] is in the Chair, because I know that he will be very helpful in that connection—of Calendar No. 617, Senate bill 2120.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2120) to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill S. 2120 to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 2, line 13, after the word "pay", to insert a comma and "and shall, in addition, require the payment of interest on that pro rata share of the capital cost, which is attributable to furnishing benefits in each particular year to land held in private ownership by any one owner in excess of 160 irrigable acres, said interest to be at a rate determined by the Secretary of the Treasury by estimating the average annual yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May preceeding the fiscal year in which the repayment contract is entered into, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent"; on page 3, line 8, after the word "or", to strike out "insured" and insert "incurred"; in line 14, after the word "developed", to insert a colon and "*Provided*, That, for a period of 10 years from the date of enactment of this Act, no water shall be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301 (b) (10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security."; and, on page 4, line 3, after the word "sum", to strike out "$9,300,000" and insert "of $10,100,000 (January 1957 costs)."

Mr. JOHNSON of Texas. Mr. President, S. 2120 provides for the rehabilitation of the lower Rio Grande rehabilitation project, Mercedes division, in the State of Texas.

The Mercedes project is an old one. It was constructed between 1905 and 1912 without the use of Federal funds. Primarily an irrigation project, it is now in a state of disrepair, and is in urgent need of work on its canals and pumping stations. Water is now being lost through seepage and evaporation, where the canals are unlined or where the lining has deteriorated.

S. 2120 authorizes the expenditure of $10,100,000 for rehabilitating and maintaining the Mercedes division as a Federal reclamation project. This entire amount will be repaid over a period of 40 years.

The project covers an area of 68,000 acres, on which citrus, vegetable, and cotton crops are grown. This is basically a small-ownership area. Two thousand seven hundred and forty-one people own land within this project; and only 16 percent of the land represents acreage in excess of 160 acres per ownership.

The bill contains the usual provision prohibiting the delivery of water to any user for the production, on newly irrigated lands, of any basic commodity in surplus supply.

Interest is repayable on lands in excess of 160 acres, with the proviso that—as in the case of the Colorado-Big Thompson project, the Washoe project, the Owl Creek project, the East Bench unit of the Missouri Basin project, and others—the excess lands provisions shall not be applicable to lands which now have an irrigation water supply other than a Federal reclamation project, and for which no new waters are being developed.

The bill has the approval of both the Department of the Interior, and the Bureau of the Budget.

Mr. President, I urge my colleagues to approve this very important and well-justified project.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection?

Without objection, the committee amendments will be considered en bloc and, without objection, they are agreed to en bloc.

Mr. JOHNSON of Texas. Mr. President, I offer an amendment to clarify the scope and application of section 3 of the bill.

The distinguished senior Senator from Illinois [Mr. DOUGLAS] and the Solicitor of the Bureau of Reclamation have expressed concern over the language in this section, feeling that the use of the word "lands," without specifically restricting the provisions to "lands in this project," might indicate a general application for the section.

Such was not the intent of the author of the bill, or of the committee. But to dispel any fear that this section of S. 2120 covers all reclamation projects, I offer this amendment by way of clarification.

S. 2120 is meant to apply only to the Mercedes division.

Mr. President, I send the amendment to the desk, and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 11, after the word "lands," it is proposed to insert "in this project."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2120) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior, acting pursuant to the Federal reclamation laws (act of June 17, 1902, 32 Stat. 388 and acts amendatory thereof or supplementary thereto, including particularly the act of July 4, 1955 (69 Stat. 244), but subject to exceptions herein contained) is authorized to undertake the rehabilitation and betterment of the works of the Hidalgo and Cameron Counties Water Control and Improvement District No. 9, Texas, and to operate and maintain the same. Such undertaking, which shall be known as the Mercedes division of the lower Rio Grande reclamation project, shall not be commenced until a repayment contract has been entered into by said district under the Federal reclamation laws, subject to exceptions herein contained, which contract may provide for payment of the capital cost of the Mercedes division over a period of not more than 40 years or as near thereto as is consistent with the adoption and operation of a variable payment formula which, being based on full repayment within said period under average conditions, permits variance in the required annual payments in the light of economic factors pertinent to the ability of the organization to pay, and shall, in addition, require the payment of interest on that pro rata share of the capital cost, which is attributable to furnishing benefits in each particular year to land held in private ownership by any one owner in excess of 160 irrigable acres, said interest to be at a rate determined by the Secretary of the Treasury

by estimating the average annual yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May preceding the fiscal year in which the repayment contract is entered into, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the first day of such month of May, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent.

SEC. 2. Title to all lands and works of the division, to the extent an interest has been vested in the United States, shall pass to the Hidalgo-Cameron Counties Water Control and Improvement District No. 9 or its designee or designees upon payment to the United States of all obligations arising under this act or incurred in connection with this division of the project.

SEC. 3. The excess-land provisions of the Federal reclamation laws shall not be applicable to lands in this project which now have an irrigation water supply from sources other than a Federal reclamation project, and for which no new waters are being developed: *Provided*, That, for a period of 10 years from the date of enactment of this act, no water shall be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301 (b) (10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

SEC. 4. There is hereby authorized to be appropriated for the work to be undertaken pursuant to the first section of this act the sum of $10,100,000 (January 1957 costs), plus such amount, if any, as may be required by reason of changes in costs of work of the types involved as shown by engineering indexes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be printed in the RECORD a brief statement indicating the benefit ratio, type of project, cost and repayment, and so forth.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FACTS ABOUT S. 2120, THE BILL PROVIDING FOR REHABILITATION OF THE LOWER RIO GRANDE PROJECT (MERCEDES DIVISION)

1. Kind of project: Primarily, this is a single-purpose irrigation project. It may have minor value for flood control, municipal water, wildlife, or recreation, but no facilities for these purposes are proposed.

2. Cost and repayment: $10,100,000; all costs are fully reimbursable by the irrigation district in 40 years. S. 2120 will make the Mercedes division a Federal reclamation project. The existing irrigation and drainage works were acquired by the present district from predecessor organizations that constructed them in the years 1905–1912, without Federal financing.

3. How the money authorized will be spent:

(a) Rehabilitation of lateral irrigation system	$7,672,000
(b) Rehabilitation of the drainage system	1,700,000
(c) Rehabilitation of the storage and desilting basin	243,000
(d) Rehabilitation of the pumping plants	148,500
(e) Rehabilitation of the main canal	200,100
(f) Maintenance equipment	248,500

4. Need for S. 2120: The diversion and distribution systems now serving lands in the Mercedes division were constructed largely during the period 1905–12, and parts of the systems have been in continuous operation for over 50 years. Capable of serving the entire 68,000 acres of irrigable land in the district, these systems require modernization and improvement to effect an economical operation, and to salvage the beneficial use of water presently being lost through seepage and evaporation. It will be necessary to repair or replace the deteriorated canal lining, to install concrete lining in most of the presently unlined laterals of the irrigation system, to clean out all earth canals and drains, and to construct roads for maintenance purposes. The pumping and relift plants at Weslaco and South Palm Garden will be overhauled or replaced.

5. Land irrigated: No new or additional lands are expected to be irrigated as a result of this project.

6. Crops: Citrus, vegetables, and cotton. No water may be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity in surplus supply, for a period of 10 years.

7. Land ownership: Total acreage, 68,000 acres; total owners, 2,741 owners.

Number of persons owning more than 320 acres: 53.

Approximately 10,400 acres, or less than 16 percent of the district total, constitute lands in excess of 160 acres per ownership.

8. Excess lands provision: Interest is repayable on land in excess of 160 acres, in accordance with the Small Reclamation Projects Act of 1956; but the excess lands provisions are not applicable to lands which now have an irrigation water supply other than a Federal reclamation project, and for which no new waters are being developed. Precedents for this last provision are on the attached sheet.

9. Benefit ratio: Better than 2 to 1.

10. Approval: Approved by the Department of the Interior and the Bureau of the Budget.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

GOVERNMENT GUARANTY OF LOANS TO CERTAIN AIR CARRIERS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 805, S. 2229.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2229) to provide for Government guaranty of private loans to certain air carriers for purchase of aircraft and equipment, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce with amendments on page 1, line 6, after the word "air", to strike out "transportation, both within the United States and within the Territories of Alaska and Hawaii" and insert "transportation"; on page 2, line 16, after the word "operations," to strike out "wholly within the Territory of Alaska (including service between Alaska and adjacent Canadian territory)" and insert "(the major portion of which are conducted either within Alaska or between Alaska and the United States) within the Territory of Alaska (including service between Alaska and the United States, and between Alaska and adjacent Canadian territory) or (d) providing for operations within the Commonwealth of Puerto Rico (including service to the Virgin Islands and the Dominican Republic), or (e) providing for operations between Florida and the British West Indies (including service to Cuba)"; on page 3, line 21, to insert:

(f) On any aircraft manufactured under a United States type certificate issued prior to the passage of this bill.

And in line 24, after the word "prescribe", to strike out the comma and "either specifically or by limits, rates of interest, guaranty fees and such other reasonable fees or charges as it may require in connection with guaranty of aircraft purchase loans." and insert "and collect from the lending institution a reasonable guaranty fee in connection with each loan guaranteed under this act"; so as to make the bill read:

Be it enacted, etc., That it is hereby declared to be the policy of Congress, in the interests of the commerce of the United States, the postal service, and the national defense to promote the development of local, feeder, and short-haul air transportation. In furtherance of this policy it is deemed necessary and desirable that provision be made to assist certain air carriers engaged in such air transportation by providing governmental guaranties of loans to enable them to purchase aircraft suitable for such transportation on reasonable terms.

SEC. 2. As used in this act—

(a) "Board" means the Civil Aeronautics Board.

(b) "Aircraft purchase loan" means any loan, or commitment in connection therewith, made for the purchase of a commercial transport aircraft, including spare parts normally associated therewith.

SEC. 3. The Board is hereby authorized to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by such lender to any air carrier holding a certificate of convenience and necessity (a) designated therein to be for local or feeder air service, or (b) providing for operations wholly within the Territory of Hawaii, or (c) providing for operations (the major portion of which are conducted either within Alaska or between Alaska and the United States) within the Territory of Alaska (including service between Alaska and the United States, and between Alaska and adjacent Canadian territory) or (d) providing for operations within the Commonwealth of Puerto Rico (including service to the Virgin Islands and the Dominican Republic), or (e) providing for operations between Florida and the British West Indies (including service to Cuba). Such guaranty shall be made in such form, on such terms and conditions, and pursuant to such regulations, as the Board deems necessary and which are not inconsistent with the provisions of this act.

SEC. 4. No guaranty shall be made:

(a) Extending to more than the unpaid interest and 90 percent of the unpaid principal of any loan.

(b) On any loan or combination of loans for more than 90 percent of the purchase price of the aircraft, including spart parts, to be purchased therewith.

(c) On any loan whose terms permit full repayment more than 10 years after the date thereof.

(d) Wherein the total face amount of such loan, and of any other loans to the same carrier, or corporate predecessor carrier or carriers, guaranteed and outstanding under the terms of this act exceed $5 million.

(e) Unless the Board finds that, without such guaranty, in the amount thereof, the air carrier would be unable to obtain necessary funds for the purchase of needed aircraft on reasonable terms.

(f) On any aircraft manufactured under a United States type certificate issued prior to the passage of this bill.

SEC. 5. The Board shall prescribe and collect from the lending institution a reasonable guaranty fee in connection with each loan guaranteed under this act.

SEC. 6. (a) To permit it to make use of such expert advice and service as it may require in carrying out the provisions of this act, the Board may use available services and facilities of other agencies and instrumentalities of the Federal Government with their consent and on a reimburable basis.

(b) Department and agenices of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this act.

SEC. 7. (a) Receipts from fees and charges under this act shall be credited to miscellaneous receipts of the Treasury.

(b) Payments to lenders required as a consequence of any guaranty under this act may be made from funds which are hereby authorized to be appropriated to the Board for that purpose.

(c) Administrative expenses under this act shall be paid from appropriations to the Board for administrative expenses.

SEC. 8. This act shall become effective upon enactment, and the authority contained in section 3 hereof shall expire 5 years thereafter.

Mr. MONRONEY. Mr. President, the purpose of the bill is to provide loans for the purchase of suitable aircraft for the replacement of the old DC–3's, used by local, feeder, and short-haul airlines. While it is well known that the larger lines have marched ahead with faster and more modern planes like the 707 Boeing jet or the DC–6 or Superconstellations, we have not since 1936 been able to perfect a replacement for this old workhorse, the DC–3.

Local service carriers, territorial airlines, both in Alaska and Hawaii, as well as in the Caribbean, are dependent almost wholly on an airplane which was designed about 1936 and which has not been built since 1945. We need desperately a replacement for the DC–3, a short- to medium-range plane.

Some 215 DC–3's are in use in local service operations, the Alaskan Airlines, and the Hawaiian Airlines. These workhorses are carrying a vast amount of passenger traffic, which is little realized by those who consider only the trunklines as being important in our aviation picture.

In 1945, those airlines flew more than 51 million revenue passenger-miles, and in 1956, more than 60 million revenue passenger-miles.

That represented an increase of 25.8 percent, compared with an increase in trunkline traffic of only 14.9 percent.

The bill covers 21 local airline carriers and four others, two Alaskan lines that are intra- and inter-Alaskan and United States service, and two in the Caribbean.

The bill would authorize the United States to guarantee a lender against loss of principal or interest on any aircraft purchase loan made to any one of the 25 eligible carriers, if the loan was approved by the Civil Aeronautics Board. The guaranty could not be for more than the unpaid interest and 90 percent of the unpaid principal of any loan, or for more than 90 percent of the purchase price of the aircraft, including spare parts. The guaranty could not run longer than 10 years, and could not exceed $5 million per carrier. In order to guarantee a loan, the Civil Aeronautics Board must find that the carrier was unable to obtain the necessary funds for the purchase of aircraft on reasonable terms. In addition, the loans which are guaranteed can be made only for the purchase of new type aircraft.

The purpose of the proposed legislation is to enable the feeder and short-haul type carrier to purchase equipment that will result in an economical and profitable operation, and to encourage the development of a suitable aircraft designed for that purpose.

One of the most serious problems in the aviation field is the operation of the local service and Territorial airlines that are costing the Government approximately $30 million a year in subsidy.

Hearings were held by the junior Senator from Nevada for 2 days, at which all interested parties were heard.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Vermont.

Mr. AIKEN. I wish to ask the Senator from Oklahoma whether the committee had requests from any other lines than those designated in the bill.

Mr. MONRONEY. There were added to the bill four additional lines that were not included originally.

Mr. AIKEN. Were there any requests from the Northeast Lines?

Mr. MONRONEY. All the lines of the feeder type were included in the bill originally. I know of no lines, except helicopter lines, that are not now included.

Mr. AIKEN. All that made requests were included.

Mr. MONRONEY. Yes. The bill does not affect trunklines like Northeast or other large trunklines, but only local carriers, such as feeder lines, inter-Alaskan lines, and two Alaskan lines that fly between the United States and Alaska and also fly inside feeder service in Alaska.

Mr. AIKEN. I have thought that some of the lines on which I have flown must have had some of the original equipment.

Mr. MONRONEY. The DC–3 is a great airplane, but is becoming an expensive plane to operate. The parts have to be made by hand. Instead of costing $4 or $5, they cost $30 or $40 when fabricated by hand. The older a piece of equipment is, the more numerous are the parts which have to be replaced.

Mr. AIKEN. I think someday there might well be established a monument to the DC–3 for having played an important part in the development of commercial aviation. However, there comes a time when people would just as soon fly in airplanes other than DC–3's.

Mr. MONRONEY. A great many factories tried to replace the DC–3 and stay within that price range, but until last year they had been unable to build a plane that would offer a possibility as a replacement. The manufacturer of a new, modern-day replacement is possible only if there is an assured market for which to build the airplanes. An aircraft company is not going to build a plane of which it may be able to sell only two or three. Obviously, a company that is tied to the use of a DC–3 has a high per-mile operation cost. The financial statements of feeder lines are not such as to make it easy for them to finance the cost of a new type of aircraft. The only way we could assist in providing replacements for such airplanes, not only for the companies referred to, but for our own war potential and war mobilization potential, for a short-haul feeder line type of service, would by a guaranteed loan system, similar to FHA or similar to what is being done in the merchant marine, underwriting 90 percent of the loan, so that the manufacturers and financiers would be enabled to finance such construction at a decent rate of interest.

We heard testimony that bankers sometimes wanted from 10 to 20 percent interest to finance the construction of a new type of plane. Even on DC–4's some of the airlines had to put up as security $2 million in assets for a $150,000 loan. They had to turn over to a bank the entire assets of the company to get one DC–4. That illustrates the tight money picture.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Colorado.

Mr. CARROLL. The questions of the Senator from Vermont were somewhat similar to the questions I had in mind. I wondered if the provisions of the bill would apply to the feeder line Frontier which serves the mountain area of Colorado, Utah, and many other sections of the West.

Mr. MONRONEY. The bill was designed to serve feeder airlines, of which Frontier is one, and to give such lines an opportunity to have a financial plan by which they could hope to provide modern replacement of obsolete, high cost aircraft equipment. There are 21 of those local carriers. There were four others, including two small United States to Alaska carriers, also serving as feeder lines inside of Alaska, and two in the Caribbean area.

Mr. CARROLL. The bill, then, does apply to Frontier?

Mr. MONRONEY. It applies to all of what we call the feeder lines, which service the small intercity centers,

skipped by the seven league boot jumps of the trunklines, but for which a great need is evidenced by the fact that they flew more than 6 million revenue passenger miles in 1956.

Mr. CARROLL. I think this is a very sound piece of legislation. In addition to the very fine points presented by the able Senator from Oklahoma, there is a safety factor involved for the people riding on the planes, in the great mountain areas. The DC–3's have become obsolete in a sense. In the layman's language they are like a great truck. Sometimes they do not have sufficient power to climb over the high mountain peaks.

Frontier was confronted with the very same problem when it was trying to get an extension of its route down to Phoenix. There was a question of money, how to finance it and how to reduce the subsidy the Government was paying.

I commend the Senator from Oklahoma for his very excellent statement.

Mr. MONRONEY. The only way we can reduce the subsidy is to provide modern airplanes, airplanes which will have a high loading capacity of from 40 to 60 passengers, or movable bulkheads to permit the carrying of air express or air freight or newspapers.

There must be a new service aircraft to create the desire to ride in safety, such as the four-motored turbo-prop type aircraft, which has a lower cost of operation per mile than the old DC–3.

We were told in the hearings that if the trunklines, great as they are—such as American, United, TWA, and others—had to use the DC–3 equipment, there would not be a single one of those trunklines without a subsidy. What hope can the feeder lines have of working away from the subsidy if they must rely on the old DC–3, which the testimony showed required some 75 to 90 percent load factor to pay expenses and break even, whereas the modern craft used by the trunklines can break even on a 50 percent load factor.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CARROLL. As further evidence to prove what has been said by the able Senator from Oklahoma, only last year Continental went into the black and off subsidy. Why was that? It was because they had modern equipment.

In the presentation to the Civil Aeronautics Board it was shown that if Frontier had possessed the proper equipment they could have reduced their subsidy $700,000 in one year.

Mr. MONRONEY. I thank the Senator for his contribution.

SEVERAL SENATORS. Vote! Vote!

Mr. DOUGLAS and Mr. ALLOTT addressed the Chair.

Mr. MONRONEY. I yield to the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. May I ask the very able Senator from Oklahoma whether the refusal of his committee to include helicopters is necessarily final?

Mr. MONRONEY. It is not final. We feel that the helicopter is still in the experimental stage, as compared to the fixed wing for the intercity service. Today the helicopter is used for the downtown to airport service. It has not reached the intercity service. For that reason we felt adding helicopters at this time might slow down the bill, and might be going into a field which was not quite ready for the extension of the 90-percent guaranty financing.

Mr. DOUGLAS. The helicopter is also important.

Mr. MONRONEY. We think so.

Mr. DOUGLAS. For handling passenger traffic from a city field to the suburbs, and also for speeding up the movement of mail within a city.

The House of Representatives, as the Senator from Oklahoma knows, included helicopters in the bill.

Mr. MONRONEY. The Senator is correct.

Mr. DOUGLAS. I hope very much, if the Senator from Oklahoma will not accept an amendment to include helicopters, that he will give the subject most sympathetic consideration when the bill is in conference.

Mr. MONRONEY. We will give it serious consideration. We will listen to all the arguments conferees of the House of Representatives care to submit on the subject. We considered it thoroughly in our own committee. Because there were no permanently certificated helicopter lines, and since the bill deals almost exclusively with permanently certificated feeder lines we did not feel it wise to include helicopters at this time.

Mr. DOUGLAS. I should like to point out that probably within the next few years there will be helicopters with a capacity of 20 or 25 passengers, equipped with multiple-turbine powerplants. The helicopters will go through a rapid period of development. If they are shut out from the benefits of this bill it is likely to retard their development, which is particularly important for the large cities of the country.

Mr. MONRONEY. We are very much interested in the development of helicopter service. It is not for that reason that they were not included in the bill. They were not included because of the fact that we do not know yet what the ideal machine or the ideal helicopter is, to meet the need. For that reason we will be glad to discuss with the House conferees the subject of including them.

As the Senator knows, in conference we make compromises and try to come up with the best possible legislation.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that a statement I have prepared on why I believe helicopter carriers should be included in the guaranty loan bill be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR DOUGLAS—THE HELICOPTER CARRIERS SHOULD BE INCLUDED IN THE GUARANTY LOAN BILL S. 2229 AND H. R. 7993

This legislation provides for Government guaranty of aircraft purchase loans to small air carriers to help such carriers to acquire better aircraft and improve the economy of their operations.

S. 2229 as reported by the Senate Commerce Committee includes all small carriers except the helicopter carriers.

H. R. 7993 as reported by the House Commerce Committee includes the helicopter carriers.

It is vital in my opinion for the Senate in passing S. 2229 to amend that bill to make it conform with the House bill in order to avoid a deliberate and unwarranted exclusion of the helicopter carriers which would greatly injure these carriers and would be highly discriminatory.

This amendment would be made in S. 2229 as reported by the Senate Interstate and Foreign Commerce Committee by inserting in line 1 on page 3 after the parenthesis the following words: "or (f) for the purpose of authorizing metropolitan helicopter service."

The Senate Commerce Committee excluded the helicopter carriers from S. 2229 according to my information because of a mistaken recommendation of the Civil Aeronautics Board.

The Board recommended against including the helicopter carriers simply because it said it had "no information from these carriers as to the possible improved or more economical operating characteristics of other rotary wing aircraft now in production or projected for the future."

However, the Board conceded that "it is of course possible that an improved and more economical helicopter may become available" within the 5-year period covered by the bill, and therefore "if * * * the Congress feels that the legislation should be extended to them, the Board would not object to amendment of the bill for that purpose."

Mr. DOUGLAS. The fact is that within the next 3 or 4 years, advance helicopters with capacity for 20 to 25 passengers and equipped with multiple-turbine powerplants are expected to be available for civil use. Acquisition of this new equipment will enable the metropolitan helicopter carriers to effect a radical improvement in the operating and economic characteristics of their services.

These larger helicopters will cost in the neighborhood of a half million dollars apiece. The aggregate capital requirements of the three metropolitan carriers for this reequipment program will probably range between $15 and $20 million, as compared with the present combined invested capital of these carriers amounting to less than $5 million.

Financing a reequipment program of these proportions will be a monumental task for the helicopter carriers, and a Government guaranty under this proposed legislation might well be the only way of raising the capital required.

Thus, if legislation is to be enacted to provide Government assistance to the air carriers in financing new equipment, the helicopter carriers are among those most in need of such assistance and should certainly be included in the legislation.

Should the legislation be enacted with the helicopter carriers being the only ones excluded, this could raise insurmountable problems for these carriers in trying to raise capital for new equipment in competition with carriers having the benefits of such legislation. The financial world would never understand why the helicopter carriers were singled out for exclusion, and this very circumstance would seriously handicap these carriers in their efforts to raise capital.

There is every reason why the helicopters should be included in this legisla-

tion, and there is no reason why they should be excluded.

Mr. BIBLE. Mr. President, will the Senator yield?

Mr. MONRONEY. I am happy to yield to the Senator from Nevada.

Mr. BIBLE. Mr. President, it was my pleasure to hear most of the testimony on this particular bill. I think a clear-cut and conclusive case was made for the bill. I heartily support the bill, and ask unanimous consent to have printed in the RECORD at this point a statement prepared in support of the proposed legislation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The bill would authorize the United States to guarantee a lender against loss of principal or interest on any aircraft purchase loan made to any one of the 25 eligible carriers, if such loan was approved by the Civil Aeronautics Board. Such loans could not be for more than 90 percent of the unpaid principal of the loans, or for more than 90 percent of the price of the aircraft, including spare parts, run not longer than 10 years, and not exceed $5 million per carrier. In order to guarantee a loan, the CAB must find that the carrier is unable to obtain the necessary funds for the purchase of aircraft on reasonable terms. In addition, loans could only be made for the purchase of new type aircraft.

The purpose of the legislation is to enable the feeder and short-haul type carrier to purchase equipment that will result in an economical and profitable operation, and to encourage the development of a suitable aircraft designed for that purpose.

One of the most serious problems in the aviation field which faces your committee is the operations of the local service and Territorial airlines that are costing the Government approximately $30 million a year in subsidy.

In an effort to reduce this subsidy and assist and improve the operations of these carriers, the Civil Aeronautics Board requested the introduction of legislation to authorize Government guaranty of private loans for certain air carriers to enable purchase of modern aircraft and equipment.

Representatives from each of the local service and Territorial airlines testified in support of this measure, as did the executive director and general counsel of the Association of Local & Territorial Airlines, the Chairman of the Civil Aeronautics Board, the president of the Air Transport Association, the legislative representative of the AFL–CIO and the Delegate to Congress from the Territory of Hawaii, the Honorable JOHN A. BURNS. Each of the witnesses testified in support of S. 2229.

The unique function of the local-service carriers is to provide local air service between relatively small communities and feeder and commuter service from the small intermediate points to nearby metropolitan cities where connections may be made with long-haul trunkline flights. All of these carriers operate DC–3 aircraft, although 3 of the carriers have supplemented their flights with other 2-engine aircraft, the Martin 202 and the Convair 240. As of December 31, 1956, the local service air carriers operated 188 DC–3's. In addition, approximately 13 DC–3 aircraft were operated by the 6 Alaska carriers, and 15 DC–3 aircraft were operated by the 2 Hawaiian carriers.

These carriers desperately need short-to-medium range transport aircraft, of 36- to 40-passenger capacity with space for approximately 2,000 pounds of cargo, new loading configuration different from the 2-engine aircraft now available, pressurization for passenger comfort, and attractiveness to the public, among other things, to generate increasing response from the traveling and shipping public.

The DC–3, which is operated by all local-service carriers has a passenger capacity of from 21 to 28 seats and is not suitable for the full development of the cargo-traffic potential. It is not pressurized and, although the plane is in widespread use, is considered to be obsolete.

The relatively limited capacity and cost characteristics of the DC–3 indicate that its day as the main vehicle for the operations of the local service carriers has passed. Specialized short-haul air transportation requires a specialized aircraft having improved operational cost characteristics, greater capacity, greater speed, improved design insofar as traffic loading and capacity configuration is concerned, improved operating characteristics with respect to airport requirements, and pressurization.

The trend in the air transport industry is speed, comfort, and economy. If the local carriers are to keep pace with our country's dynamic growth and development they must have the tools with which to perform—not only to take advantage of such growth and development but to also make a contribution to it.

If the equipment problem faced by the local carriers is to be solved, some definite, positive, and effective action must be taken, and soon. The economy of modern aircraft has proven its value to the trunklines. The local service lines will reap the same benefits, given the same opportunities.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Colorado.

Mr. ALLOTT. I have listened to the colloquy with a great deal of interest. There is one phase of the matter in which I am particularly interested, on behalf of all our feeder airlines. What would the Senator from Oklahoma say will be the effect of the bill upon the development and use of such planes, for example, as the Friendship F–27 and the smaller passenger planes, the four-motor planes, which will provide not only a much greater speed but a higher degree of efficiency in this field, and displace the old DC–3?

Mr. MONRONEY. That really has been a dream in the field. The unmet needs of modern aviation are for the short-range to medium-range aircraft to replace the DC–3. We have the Friendship F–27, being readied for test this fall by Fairchild. We have on the drawing board the Douglas 1940, another plane of medium range, and then the Safari plane, designed by Jack Frye, which is also in this class.

We feel that only with a guaranteed market, where the manufacturers can sell to the feeder lines with some assurance that they will receive their money, will they build the type of plane which has not been built since the DC–3.

Mr. ALLOTT. One of the necessary effects of the bill will be to permit development of these planes as a substitute for the now uneconomical DC–3 in this field?

Mr. MONRONEY. We feel the only way we can develop this type of plane is by a credit system of a 90 percent guaranty, so that there will be a market, in effect, for repayment of the aircraft factories manufacturing the planes to sell to the feeder airlines.

Mr. ALLOTT. I thank the Senator very much.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and the committee amendments will be considered en bloc.

The question is on agreeing to the committee amendments en bloc.

The amendments were agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for Government guaranty of private loans to certain air carriers for purchase of modern aircraft and equipment, to foster the development and use of modern transport aircraft by such carriers, and for other purposes."

ANNUITIES OF PANAMA CANAL SHIP PILOTS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 848, S. 821, a bill to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots.

I invite attention of the distinguished Senator from South Carolina [Mr. JOHNSTON] and the distinguished Senator from North Carolina [Mr. SCOTT].

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 821) to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with an amendment on page 1, after line 5, to strike out:

"(g) Any employee who attains the age of 55 years and completes 15 years of service as ship pilot in the Panama Canal Zone shall, upon separation from the service, be paid an annuity computed as provided in section 9."

And insert:

"(g) Any employee while serving as a ship pilot in the Panama Canal Zone who attains the age of 55 years and completes 20 years of service, not less than 15 years of which has been as such a pilot, shall, upon separation from the service, be paid an annuity computed as provided in section 9."

So as to make the bill read:

Be it enacted etc., That section 6 of the Civil Service Retirement Act is amended by

adding at the end thereof a new subsection as follows:

"(g) Any employee while serving as a ship pilot in the Panama Canal Zone who attains the age of 55 years and completes 20 years of service, not less than 15 years of which has been as such a pilot, shall, upon separation from the service, be paid an annuity computed as provided in section 9."

SEC. 2. Section 9 (e) of such act is amended by inserting after "6 (c)" the following: "or 6 (g)".

SEC. 3. This act shall take effect on the first day of the first month which begins after the date of its enactment.

Mr. JOHNSTON of South Carolina. Mr. President, after the hearing was had, the bill was reported from the Post Office and Civil Service Committee unanimously.

In order to conserve time, Mr. President, I ask unanimous consent that the report, beginning with "purpose," through "justification," and "hearings," on page 2, be printed in the RECORD. This will give the purpose and the justification for the passage of the proposed legislation.

There being no objection, the excerpts from the report were ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this legislation is to authorize the optional retirement of any ship pilot in the Panama Canal Zone who has attained the age of 55 and has completed 20 years of service, at least 15 years of which has been as such a pilot.

JUSTIFICATION

The careers of ship pilots in the Panama Canal Zone are of a very limited duration by comparison with other types of Federal employment. Because of the years of experience in seamanship and navigation that are required as a prerequisite to appointment, they cannot qualify as pilots before they are 30 to 35 years of age. For a variety of reasons, age 55 often marks the end of their maximum usefulness as active and full-time pilots, if, in fact, it does not end their careers entirely.

Thus, within these limits, the career of a ship pilot covers a span of from 15 to 20 years at best.

Consideration was given to extending the coverage of section 6 (c) to include service as a ship pilot in the Panama Canal Zone. If this were to be done, it would permit optional retirement at age 50 after 20 years of service. However, neither the age nor the service requirement seemed appropriate in case of Canal Zone pilots. On the one hand, to permit retirement at age 50 would deprive the Government of the services of senior pilots for at least a 5-year period (age 50 to 55) when they could be working with maximum usefulness. On the other hand, to require 20 years of service at age 55 before becoming eligible for retirement would be meaningless to the majority of pilots because, unlike other Federal employees, they cannot start their careers at an early age and, hence, at the age of 50 they would not have the service required to take advantage of the provision.

These circumstances of themselves suggested the type of provision that would be fair both to the Government and the pilots. From the Government's standpoint, pilots should not be permitted optional retirement until attainment of age 55. From the pilots' standpoint, those who begin their careers upon reaching the age of 35 would have 20 years of service when they reach age 55. Thus was suggested the age 55 and 20 years of service as requirements.

HEARINGS

Hearings were held May 19, 1957, on S. 821 as introduced. There was no testimony in opposition to the proposition that this small group of employees require and should be accorded special treatment under the Civil Service Retirement Act.

Administration officials, while agreeing on the justification for special consideration, advanced the view that the minimum 20-year service requirement common to other groups that have been accorded special treatment should not be waived in this instance. Careful consideration to this point resulted in adoption by unanimous agreement of the Retirement Subcommittee (W. KERR SCOTT, chairman, RICHARD L. NEUBERGER, and THOMAS E. MARTIN) of the amendment requiring a minimum of 20 years of service. The subcommittee amendment later was unanimously approved by the full committee.

Mr. JOHNSTON of South Carolina. Mr. President, the Senator from North Carolina [Mr. SCOTT] introduced the bill. He made the investigation and the report, and he should be given credit for that work.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COMPACT BETWEEN THE STATES OF CALIFORNIA AND OREGON

Mr. JOHNSON of Texas. Mr. President, I invite the attention of the minority leader to this motion.

I move that the Senate proceed to the consideration of Calendar No. 858, Senate bill 2431.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2431) granting the consent of Congress to the Klamath River Basin compact between the States of California and Oregon, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. KUCHEL. Mr. President, this is an unusual piece of proposed legislation, in that the four authors are the distinguished senior Senator from California [Mr. KNOWLAND], the distinguished Senators from Oregon [Mr. MORSE and Mr. NEUBERGER], and myself.

The bill is required by reason of article I, section 10, of the Constitution, which requires the consent of Congress when two or more States enter into an agreement.

In this instance, in 1955 the Congress gave its consent to negotiations between the people of the State of Oregon and the people of the State of California looking toward an interstate compact by which the waters of the Klamath River were to be subjected to a long and fairly involved agreement.

The Federal Government was represented through the Bureau of the Budget, which coordinated the responsibilities of the various Federal agencies which were concerned in the area.

After the agreement had been consummated it was submitted to the Legislature of the State of Oregon and the Legislature of the State of California. Each legislative body passed a bill unanimously approving the compact. The Governor of Oregon and the Governor of California signed the respective State legislative enactments, and, under the Constitution, the compact is now before the Senate for approval.

I wish very briefly to refer to the language of the report which accompanies the bill, and to read 1 or 2 paragraphs from it:

The Klamath River Basin encompasses an area of some 10,010,000 acres, of which 3,610,000 acres are in Oregon and the remaining 6,400,000 acres are in California. The drainage system for this area is comprised of the Williamson, Sprague, and Wood Rivers in Oregon which flow into Upper Klamath Lake and form the headwaters of the Klamath River, and the Shasta, Scott, Salmon, and Trinity Rivers which are California tributaries to the Klamath. In addition, the Lost River, which rises in northeastern California, flows into Oregon and back into California where it discharges into Tule Lake, has been joined by an artificial channel with the Klamath River so that it too contributes to the streamflow of the Klamath.

* * * * *

The compact mainly concerns itself with the upper portion of the basin referred to in the compact as the Upper Klamath River Basin. It is defined as the drainage area of the Klamath River and all its tributaries upstream from the boundary between Oregon and California and the closed basins of Butte Valley, Red Rock Valley, Lost River Valley, Swan Lake Valley, and Crater Lake.

Of the 4,800,000 acres of land in this upper basin approximately 690,000 are classed as suitable for irrigated agricultural crops. There are 469,000 irrigable acres in the Oregon portion and 221,000 irrigable acres in the California portion of the upper basin.

Excluding lands within the Klamath project of the United States Bureau of Reclamation, there are presently irrigated about 174,000 acres of land in the Oregon portion and 23,000 acres of land in the California portion of the upper basin. Irrigation constitutes the major use of water in the upper basin, although sizable quantities are utilized for generation of hydroelectric power, the maintenance of fishlife, and the preservation of waterfowl.

This compact is a fine example of the achievement by two States of complete agreement with respect to the utility of waters in a stream common to both.

I urge the passage of the bill.

Mr. NEUBERGER. Mr. President, I subscribe to the statements just made in behalf of the passage of the Klamath River Basin compact bill by my distinguished colleague from the State of California, who has shared with me the effort in the Senate Committee on Interior and Insular Affairs to bring the bill before the Senate.

I should like to add to the effective presentation made by the Senator from California a very few observations about the Klamath River Basin and its resources.

To begin with, the bill is somewhat related to an earlier piece of legislation which the Senate passed this week. I refer to the conference report on Senate bill 469, which postponed the ter-

mination of Federal supervision over the Klamath Indian Tribe.

Many of the headwaters of the Klamath River originate in the vast ponderosa pine timber stand, and in the Klamath marsh, which are within the Klamath Indian Reservation.

Unless we can take effective steps in the future to safeguard these resources, the very origins and cradle of the Klamath River will be endangered.

For that reason I introduced earlier in this session, on behalf of the senior Senator from Oregon and myself, proposed legislation which would provide for Federal acquisition of this timber and marshland, which help to form the source of the Klamath River. It is my hope that the Senate, after it passes this bill, will later—either this session or next session—give favorable consideration to the bill providing for safeguarding by the Federal Government of the rich watershed where the Klamath River originates.

Furthermore, the sponsorship of this bill by the 2 very able Senators from California and by the 2 Senators from Oregon demonstrates, at least so far as the 2 Senators from Oregon are concerned, that there is no truth to the charge which has been voiced occasionally in our State, to the effect that we favor only Federal power development or no power development at all.

It is my understanding that once this compact has been ratified by the Federal Government, following its approval by the two State governments of Oregon and California, there will take place hydroelectric development on the Klamath River, which will be very largely financed and operated by the California-Oregon Power Co.

This is a private utility company which operates in southern Oregon and northern California. We of Oregon have joined with our able colleagues from California in sponsoring this bill because we want to see this development take place. It will be by a private power company, but it will not place in jeopardy any of the major plans of the Federal Government for multipurpose projects, and it will not put in peril any resources, such as migratory fowl, fisheries, and other similar wildlife—assets which we wish to preserve.

In conclusion, I wish to add an item to the inventory of resources recited by the junior Senator from California. In addition to the resources which the Senator has cited, the Klamath River Basin is one of the most important parts of the United States for the nesting and breeding of migratory waterfowl. In the Klamath River Basin, particularly in the marshlands near the source of the Klamath River, are some of the great areas where the ducks and geese which travel the Pacific flyway find sanctuary. These are major waterfowl refuges, and it is important that they be preserved and maintained.

It is my opinion that ratification of the compact by the Senate tonight will help toward reaching that great goal.

I wish to add that both the senior Senator from Oregon and I have been advocating and doing all we can to bring about favorable action by the Senate. We have been urged by the members of the Oregon State Legislature and by the distinguished Governor of the State of Oregon, Robert D. Holmes, to do all we can to bring about favorable action. Therefore, I join the junior Senator from California, my colleague on the committee, in supporting the ratification of the compact and in urging favorable action by the Senate.

Mr. KUCHEL. Mr. President, I thank my friend from Oregon very much for his very helpful and illuminating remarks.

I ask unanimous consent that article IV of the compact, on page 9 of the bill, be set forth in full in the RECORD at this point in my remarks.

There being no objection, article IV was ordered to be printed in the RECORD, as follows:

ARTICLE IV. HYDROELECTRIC POWER

It shall be the objective of each State, in the formulation and execution and the granting of authority for the formulation and execution of plans for the distribution and use of the waters of the Klamath River Basin, to provide for the most efficient use of available power head and its economic integration with the distribution of water for other beneficial uses in order to secure the most economical distribution and use of water and lowest power rates which may be reasonable for irrigation and drainage pumping, including pumping from wells.

Mr. DWORSHAK. Mr. President, I desire to congratulate the two Senators from the State of California for their success in negotiating a compact with the great State of Oregon, with the approval of the two Senators from that State.

I have mentioned on many occasions in the past the attitude of the people of Idaho in seeking for many years a comparable compact with the State of Oregon, to regulate the equitable use and benefits of the water in the Columbia River Basin. It would be extremely difficult for me to understand why Oregon would agree to a compact, except that in this case the compact governs the use of water originating in Oregon and flowing into another State, California. So far as the Columbia River Basin is concerned, the conditions are reversed. The State of Idaho has found it almost impossible to do any negotiating with the people of Oregon, because in that instance the compact would regulate and control the water flowing into Oregon from the upstream State of Idaho, instead of regulating the benefits from water flowing out of Oregon into another State, California.

Mr. President, I certainly hope that on this occasion, as the two Senators from Oregon are consenting to negotiating a compact with the adjoining State of California, they will recognize the advisability of applying the same pattern in their dealings with the State of Idaho.

There is a slight difference, of course, because in this instance the water flows out of Oregon into California, while in the other instance it flows from Idaho into Oregon.

I am sure that in the great Columbia River Basin it would be possible to use to the fullest advantage the extremely vital and important natural resources, if we could have the same degree of cooperation from the great State of Oregon with Idaho and the other States in the Columbia River Basin in the negotiation and signing of a compact.

I sincerely hope that we are establishing a pattern tonight, which will point to successful negotiations on our part. I am sure the people of Idaho will take a very broad view and will be greatly encouraged by this demonstration of cooperation on the part of the two Senators from Oregon in reflecting the views of the people of that State.

SEVERAL SENATORS. Vote! Vote!

Mr. NEUBERGER. Mr. President, I regret the fact that my colleague from Idaho—Mr. President, may we have only one Senator speaking at a time on the floor?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Senate will be in order. All Senators who desire to converse will retire from the Chamber. Attachés will retire to the rear of the Chamber.

Mr. NEUBERGER. I regret the fact that the Senator from Idaho has taken advantage of a bill, which should be largely noncontroversial, to make an attack upon his two colleagues in the Senate from the State of Oregon. I call to his attention the fact that there is very little parallel between the proposed compact and the vast Columbia River system. We are dealing with a much smaller and modest proposal here than the great Columbia River Basin. The Klamath River carries down to the sea approximately 12 million acre-feet of water. The Columbia River carries down to the sea, by contrast, approximately 180 million acre-feet of water.

With respect to the proposed compact in the Columbia River Basin, it was rejected by my State of Oregon and by the State of Washington because, unfortunately, the State Government of Idaho contemplated surrendering for private exploitation vast sites in the upper Columbia Basin which should have been reserved for multipurpose use. No such situation has prevailed with respect to the Klamath River Basin.

I would further call to the attention of my colleague from Idaho that a Republican legislature in the State of Oregon rejected the proposed Columbia River interstate compact, while the Oregon Legislature ratified the compact pertaining to the Klamath River Basin, which is before us today.

It is my sincere hope that this bill will be passed and the Senate will uphold the compact which has been approved by the two States.

Mr. DWORSHAK. Mr. President, earlier in the session, during the debate on water-resources development in the Columbia River Basin, the senior Senator from Oregon [Mr. MORSE] unequivocally declared that he would never consent to negotiating a compact affecting the Columbia River and involving the interests of the State of Oregon. Does the junior Senator from Oregon share that view?

Mr. NEUBERGER. I cannot speak for any other Senator except myself. I can say that I would never agree to the

ratification of any compact which would bring about the surrender of waterpower sites for less than full development, or which would use a great multipurpose site for private, piecemeal, single-use exploitation. I am certain my able senior colleague would likewise take this attitude.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. DWORSHAK. Obviously the purpose of entering compacts is to enable and encourage the participating States to consider divergent views and to formulate an overall objective which will utilize to the fullest extent the water resources of an entire valley for the benefit of the various States involved. So far as the Columbia River Basin is concerned, it cannot be successfully contended by the junior Senator from Oregon that any concession has been made, because if there had been a compact, then certainly the opportunity would have been presented to the States in the Columbia River Basin to do what was considered best in promoting the interests of all the States.

Mr. NEUBERGER. I will say to the Senator from Idaho that, had his State government taken an enlightened and liberal attitude toward the resources of the Columbia River Basin, the proposed compact in the basin would not have been rejected by the legislatures of both Washington and Oregon.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That the consent of Congress is hereby given to the Klamath River Basin Compact between the States of California and Oregon, which compact is as follows:

"KLAMATH RIVER BASIN COMPACT

"*Index*

"ARTICLE I. PURPOSES

"The major purposes of this compact are, with respect to the water resources of the Klamath River Basin:

"A. To facilitate and promote the orderly, integrated, and comprehensive development, use, conservation, and control thereof for various purposes, including, among others: the use of water for domestic purposes; the development of lands by irrigation and other means; the protection and enhancement of fish, wildlife, and recreational resources; the use of water for industrial purposes and hydroelectric power production; and the use and control of water for navigation and flood prevention.

"B. To further intergovernmental cooperation and comity with respect to these resources and programs for their use and development and to remove causes of present and future controversies by providing (1) for equitable distribution and use of water among the two States and the Federal Government, (2) for preferential rights to the use of water after the effective date of this compact for the anticipated ultimate requirements for domestic and irrigation purposes in the upper Klamath River Basin in Oregon and California, and (3) for prescribed relationships between beneficial uses of water as a practicable means of accomplishing such distribution and use.

"ARTICLE II. DEFINITION OF TERMS

"As used in this compact:

"A. 'Klamath River Basin' shall mean the drainage area of the Klamath River and all its tributaries within the States of California and Oregon and all closed basins included in the upper Klamath River Basin.

"B. 'Upper Klamath River Basin' shall mean the drainage area of the Klamath River and all its tributaries upstream from the boundary between the States of California and Oregon and the closed basins of Butte Valley, Red Rock Valley, Lost River Valley, Swan Lake Valley, and Crater Lake, as delineated on the official map of the upper Klamath River Basin approved on September 6, 1956, by the commissions negotiating this compact and filed with the secretaries of state of the two States and the General Services Administration of the United States, which map is incorporated by reference and made a part hereof.

"C. 'Commission' shall mean the Klamath River Compact Commission as created by article IX of this compact.

"D. 'Klamath project' of the Bureau of Reclamation of the Department of the Interior of the United States shall mean that area as delineated by appropriate legend on the official map incorporated by reference under subdivision B of this article.

"E. 'Person' shall mean any individual or any other entity, public or private, including either State, but excluding the United States.

"F. 'Keno' shall mean a point on the Klamath River at the present needle dam, or any substitute control dam constructed in section 36, township 39 south, range 7 east, Willamette base and meridian.

"G. 'Water' or 'waters' shall mean waters appearing on the surface of the ground in streams, lakes or otherwise, regardless of whether such waters at any time were or will become ground water, but shall not include water extracted from underground sources until after such water is used and becomes surface return flow or waste water.

"H. 'Domestic use' shall mean the use of water for human sustenance, sanitation, and comfort; for municipal purposes; for livestock watering; for irrigation of family gardens; and for other like purposes.

"I. 'Industrial use' shall mean the use of water in manufacturing operations.

"J. 'Irrigation use' shall mean the use of water for production of agricultural crops, including grain grown for feeding wildfowl.

"ARTICLE III. DISTRIBUTION AND USE OF WATER

"A. There are hereby recognized vested rights to the use of waters originating in the Upper Klamath River Basin validly established and subsisting as of the effective date of this compact under the laws of the State in which the use or diversion is made, including rights to the use of waters for domestic and irrigation uses within the Klamath project. There are also hereby recognized rights to the use of all waters reasonably required for domestic and irrigation uses which may hereafter be made within the Klamath project.

"B. Subject to the rights described in subdivision A of this article and excepting the uses of water set forth in subdivision E of article XI, rights to the use of unappropriated waters originating within the Upper Klamath River Basin for any beneficial use in the Upper Klamath River Basin, by direct diversion or by storage for later use, may be acquired by any person after the effective date of this compact by appropriation under the laws of the State where the use is to be made, as modified by the following provisions of this subdivision B and subdivision C of this article, and may not be acquired in any other way:

"1. In granting permits to appropriate waters under this subdivision B, as among conflicting applications to appropriate when there is insufficient water to satisfy all such applications, each State shall give preference to applications for a higher use over applications for a lower use in accordance with the following order of uses:

"(a) Domestic use,

"(b) Irrigation use,

"(c) Recreational use, including use for fish and wildlife,

"(d) Industrial use,

"(e) Generation of hydroelectric power,

"(f) Such other uses as are recognized under the laws of the State involved.

These uses are referred to in this compact as uses (a), (b), (c), (d), (e), and (f), respectively. Except as to the superiority of rights to the use of water for use (a) or (b) over the rights to the use of water for use (c), (d), (e), or (f), as governed by subdivision C of this article, upon a permit being granted and a right becoming vested and perfected by use, priority in right to the use of water shall be governed by priority in time within the entire Upper Klamath River Basin regardless of State boundaries. The date of priority of any right to the use of water appropriated for the purposes above enumerated shall be the date of the filing of the application therefor, but such priority shall be dependent on commencement and completion of construction of the necessary works and application of the water to beneficial use with due diligence and within the times specified under the laws of the State where the use is to be made. Each State shall promptly provide the commission and the appropriate official of the other State with complete information as to such applications and as to all actions taken thereon.

"2. Conditions on the use of water under this subdivision B in Oregon shall be:

"(a) That there shall be no diversion of waters from the Upper Klamath River Basin, but this limitation shall not apply to out-of-basin diversions of waters originating within the drainage area of Fourmile Lake.

"(b) That water diverted from Upper Klamath Lake and the Klamath River and its tributaries upstream from Keno, Oreg., for use in Oregon and not consumed therein and appearing as surface return flow and waste water within the Upper Klamath River Basin shall be returned to the Klamath River or its tributaries above Keno, Oreg.

"3. Conditions on the use of water under this subdivision B in California shall be:

"(a) That the waters diverted from the Klamath River within the Upper Klamath River Basin for use in California shall not be taken outside the Upper Klamath River Basin.

"(b) That substantially all of the return flows and waste water finally resulting from such diversions and use appearing as surface waters in the Upper Klamath River Basin shall be made to drain so as to be eventually returned to the Klamath River upstream from Keno, Oreg.

"C. 1. All rights, acquired by appropriation after the effective date of this compact, to use waters originating within the

Upper Klamath River Basin for use (a) or (b) in the Upper Klamath River Basin in either State shall be superior to any rights, acquired after the effective date of this compact, to use such waters (i) for any purpose outside the Klamath River Basin by diversion in California or (ii) for use (c), (d), (e), or (f) anywhere in the Klamath River Basin. Such superior rights shall exist regardless of their priority in time and may be exercised with respect to inferior rights without the payment of compensation. But such superior rights to use water for use (b) in California shall be limited to the quantity of water necessary to irrigate 100,000 acres of land, and in Oregon shall be limited to the quantity of water necessary to irrigate 200,000 acres of land.

"2. The provisions of paragraph 1 of this subdivision C shall not prohibit the acquisition and exercise after the effective date of this compact of rights to store waters originating within the Upper Klamath River Basin and to make later use of such stored water for any purpose, as long as the storing of waters for such later use, while being effected, does not interfere with the direct diversion or storage of such waters for use (a) or (b) in the Upper Klamath River Basin.

"ARTICLE IV. HYDROELECTRIC POWER

"It shall be the objective of each State, in the formulation and execution and the granting of authority for the formulation and execution of plans for the distribution and use of the waters of the Klamath River Basin, to provide for the most efficient use of available power head and its economic integration with the distribution of water for other beneficial uses in order to secure the most economical distribution and use of water and lowest power rates which may be reasonable for irrigation and drainage pumping, including pumping from wells.

"ARTICLE V. INTERSTATE DIVERSION AND STORAGE RIGHTS; MEASURING DEVICES

"A. Each State hereby grants for the benefit of the other and its designees the right to construct and operate facilities for the measurement, diversion, storage, and conveyance of water from the Upper Klamath River Basin in one State for use in the other insofar as the exercise of such right may be necessary to effectuate and comply with the terms of this compact. The location of such facilities shall be subject to approval by the commission.

"(B) Each State or its designee, exercising within the jurisdiction of the other a right granted under subdivision A of this article, shall make provision for the establishment, operation, and maintenance of permanent gaging stations at such points on streams or reservoir or conveyance facilities as may be required by the commission for the purpose of ascertaining and recording the volume of diversions by the streams or facilities involved. Said stations shall be equipped with suitable devices for determining the flow of water at all times. All information obtained from such stations shall be compiled in accordance with the standards of the United States Geological Survey, shall be filed with the commission, and shall be available to the public.

"ARTICLE VI. ACQUISITION OF PROPERTY FOR STORAGE AND DIVERSION; IN LIEU TAXES

"A. Subject to approval of the commission, either State shall have the right (1) to acquire such property rights in the other State as are necessary for the diversion, storage, conveyance, measurement and use of water in conformity with this compact, by donation or purchase, or (2) to elect to have the other State acquire such property rights for it by purchase or through the exercise of the power of eminent domain. A State making the latter election shall make a written request therefor and the other State shall expeditiously acquire said property rights either by purchase at a price satisfactory to the requesting State, or, if such purchase cannot be made, then through the exercise of its power of eminent domain, and shall convey said property rights to the requesting State or its designee. All costs of such acquisition shall be paid by the requesting State. Neither State shall have any greater power to acquire property rights for the other State through the exercise of the power of eminent domain than it would have under its laws to acquire the same property rights for itself.

"B. Should any diversion, storage or conveyance facilities be constructed or acquired in either State for the benefit of the other State, as herein provided, the construction, repair, replacement, maintenance, and operation of such facilities shall be subject to the laws of the State in which the facilities are located, except that the proper officials of that State shall permit the storage, release, any conveyance of any water to which the other States is entitled under this compact.

"C. Either State having property rights other than water rights in the other State acquired as provided in this article shall pay to each political subdivision of the State in which such property rights are located, each and every year during which such rights are held, a sum of money equivalent to the average annual amount of taxes assessed against those rights during the 10 years preceding the acquisition of such rights in reimbursement for the loss of taxes to such political subdivisions of the State. Payments so made to a political subdivision shall be in lieu of any and all taxes by that subdivision on the property rights for which the payments are made.

"ARTICLE VII. POLLUTION CONTROL

"A. The States recognize that the growth of population and the economy of the upper Klamath River Basin can result in pollution of the waters of the upper Klamath River Basin constituting a menace to the health and welfare of, and occasioning economic loss to, people living or having interests in the Klamath River Basin. The States recognize further that protection of the beneficial uses of the waters of the Klamath River Basin requires cooperative action of the two States in pollution abatement and control.

"B. To aid in such pollution abatement and control, the commission shall have the duty and power:

"1. To cooperate with the States or agencies thereof or other entities and with the United States for the purpose of promoting effective laws and the adoption of effective regulations for abatement and control of pollution of the waters of the Klamath River Basin, and from time to time to recommend to the governments reasonable minimum standards for the quality of such waters.

"2. To disseminate to the public by any and all appropriate means information respecting pollution abatement and control in the waters of the Klamath River Basin and on the harmful and uneconomic results of such pollution.

"C. Each State shall have the primary obligation to take appropriate action under its own laws to abate and control interstate pollution, which is defined as the deterioration of the quality of the waters of the upper Klamath River Basin within the boundaries of such State which materially and adversely affects beneficial uses of waters of the Klamath River Basin in the other State. Upon complaint to the commission by the State water pollution control agency of one State that interstate pollution originating in the other State is not being prevented or abated, the procedure shall be as follows:

"1. The commission shall make an investigation and hold a conference on the alleged interstate pollution with the water pollution control agencies of the two States, after which the commission shall recommend appropriate corrective action.

"2. If appropriate corrective action is not taken within a reasonable time, the commission shall call a hearing, giving reasonable notice in writing thereof to the water pollution control agencies of the two States and to the person or persons which it is believed are causing the alleged interstate pollution. Such hearing shall be held in accordance with rules and regulations of the commission, which shall conform as nearly as practicable with the laws of the two States governing administrative hearings. At the conclusion of such hearing, the commission shall make a finding as to whether interstate pollution exists, and if so, shall issue to any person or persons which the commission finds are causing such interstate pollution an order or orders for correction thereof.

"3. It shall be the duty of the person against whom any such order is issued to comply therewith. Any court of general jurisdiction of the State where such discharge is occurring or the United States District Court for the district where the discharge is occurring shall have jurisdiction, on petition of the commission for enforcement of such order, to compel action by mandamus, injunction, specific performance, or any other appropriate remedy, or on petition of the person against whom the order is issued to review any order. At the conclusion of such enforcement or review proceedings, the court may enter such decree or judgment affirming, reversing, modifying, or remanding such order as in its judgment is proper in the circumstances on the basis of the rules customarily applicable in proceedings for court enforcement or review of administrative actions.

"D. The water pollution control agencies of the two States shall, from time to time, make available to the commission all data relating to the quality of the waters of the upper Klamath River Basin which they possess as the result of studies, surveys, and investigations thereof which they may have made.

"ARTICLE VIII. MISCELLANEOUS

"A. Subject to vested rights as of the effective date of this compact, there shall be no diversion of waters from the basin on Jenny Creek to the extent that such waters are required, as determined by the Commission, for use on land within the basin of Jenny Creek.

"B. Each State shall exercise whatever administrative, judicial, legislative, or police power it has that are required to provide any necessary re-regulation or other control over the flow of the Klamath River downstream from any hydroelectric powerplant for protection of fish, human life or property from damage caused by fluctuations resulting from the operation of such plant.

"ARTICLE IX. ADMINISTRATION

"A. 1. There is hereby created a commission to administer this compact. The commission shall consist of three members. The representative of the State of California shall be the department of water resources. The representative of the State of Oregon shall be the State engineer of Oregon who shall serve as ex officio representative of the State Water Resources Board of Oregon. The President is requested to appoint a Federal representative who shall be designated and shall serve as provided by the laws of the United States.

"2. The representative of each State shall be entitled to one vote in the commission. The representative of the United States shall serve as chairman of the commission without vote. The compensation and expenses of each representative shall be fixed and paid by the government which he represents.

Any action by the commission shall be effective only if it be agreed to by both voting members.

"3. The commission shall meet to establish its formal organization within 60 days after the effective date of this compact, such meeting to be at the call of the governors of the two States. The commission shall then adopt its initial set of rules and regulations governing the management of its internal affairs providing for, among other things, the calling and holding of meetings, the adoption of a seal, and the authority and duties of the chairman and executive director. The Commission shall establish its office within the Upper Klamath River Basin.

"4. The Commission shall appoint an executive director, who shall also act as secretary, to serve at the pleasure of the Commission and at such compensation, under such terms and conditions and performing such duties as it may fix. The executive director shall be the custodian of the records of the Commission with authority to affix the Commission's official seal, and to attest to and certify such records or copies thereof. The Commission, without regard to the provisions of the civil service laws of either State, may appoint and discharge such consulting, clerical, and other personnel as may be necessary for the performance of the Commission's function, may define their duties, and may fix and pay their compensation. The Commission may require the executive director and any of its employees to post official bonds, and the cost thereof shall be paid by the Commission.

"5. All records, files, and documents of the Commission shall be open for public inspection at its office during established office hours.

"6. No member, officer, or employee of the Commission shall be liable for injury or damage resulting from (a) action taken by such member, officer, or employee in good faith and without malice under the apparent authority of this compact, even though such action is later judicially determined to be unauthorized, or (b) the negligent or wrongful act or omission of any other person, employed by the Commission and serving under such officer, member, or employee, unless such member, officer, or employee either failed to exercise due care in the selection, appointment, or supervision of such other person, or failed to take all available action to suspend or discharge such other person after knowledge or notice that such other person was inefficient or incompetent to perform the work for which he was employed. No suit may be instituted against a member, officer, or employee of the Commission for damages alleged to have resulted from the negligent or wrongful act or omission of such member, officer, or employee or a subordinate thereof occurring during the performance of his official duties unless, within 90 days after the occurrence of the incident, a verified claim for damages is presented in writing and filed with such member, officer, or employee and with the Commission. In the event of a suit for damages against any member, officer, or employee of the Commission on account of any act or omission in the performance of his or his subordinates' official duties, the Commission shall arrange for the defense of such suit and may pay all expenses therefor on behalf of such member, officer, or employee. The Commission may at its expense insure its members, officers, and employees against liability resulting from their acts or omissions in the performance of their official duties. Nothing in this paragraph shall be construed as imposing any liability upon any member, officer, or employee of the Commission that he would otherwise not have.

"7. The Commission may incur obligations and pay expenses which are necessary for the performance of its functions. But it shall not pledge the credit of any government except by and with the authority of the legislative body thereof given pursuant to and in keeping with the constitution of such government, nor shall the Commission incur any obligations prior to the availability of funds adequate to meet them.

"8. The Commission may:

"(a) Borrow, accept or contract for the services of personnel from any government or agency thereof, from any intergovernmental agency, or from any other entity.

"(b) Accept for any of its purposes and functions under this compact any and all donations, gifts, grants of money, equipment, supplies, materials and services from any government or agency thereof or intergovernmental agency or from any other entity.

"(c) Acquire, hold and dispose of real and personal property as may be necessary in the performance of its functions.

"(d) Make such studies, surveys and investigations as are necessary in carrying out the provisions of this compact.

"9. All meetings of the Commission for the consideration of and action on any matters coming before the Commission, except matters involving the management of internal affairs of the Commission and its staff, shall be open to the public. Matters coming within the exception of this paragraph may be considered and acted upon by the Commission in executive sessions under such rules and regulations as may be established therefor.

"10. In the case of the failure of the two voting members of the Commission to agree on any matter relating to the administration of this compact as provided in paragraph 2 of this subdivision A, the representative from each State shall appoint 1 person and the 2 appointed persons shall appoint a third person. The three appointees shall sit as an arbitration forum. The terms of appointment and the compensation of the members of the arbitration forum shall be fixed by the Commission. Matters on which the two voting members of the Commission have failed to agree shall be decided by a majority vote of the members of the arbitration forum. Each State obligates itself to abide by the decision of the arbitration forum, subject, however, to the right of each State to have the decision reviewed by a court of competent jurisdiction.

"11. The Commission shall have the right of access, through its authorized representatives, to all properties in the Klamath River Basin whenever necessary for the purpose of administration of this compact. The Commission may obtain a court order to enforce its right of access.

"B. 1. The Commission shall submit to the governor or designated officer of each State a budget of its estimated expenditures for such period and at such times as may be required by the laws of that State for presentation to the legislature thereof. Each State pledges itself to appropriate and pay over to the Commission one-half of the amount required to finance the Commission's estimated expenditures as set forth in each of its budgets, and pledges further that concurrently with approval of this compact by its legislature the sum of not less than $12,000 will be appropriated by it to be paid over to the Commission at its first meeting for use in financing the Commission's functions until the Commission can prepare its first budget and receive its first appropriation thereunder from the States.

"2. The Commission shall keep accurate accounts of all receipts and disbursements, which shall be audited yearly by a certified public accountant, and the report of the audit shall be made a part of its annual report. The accounts of the Commission shall be open for public inspection during established office hours.

"3. The Commission shall make and transmit to the legislature and governor of each State and to the President of the United States an annual report covering the finances and activities of the Commission and embodying such plans, recommendations and findings as may have been adopted by the Commission.

"C. 1. The Commission shall have the power to adopt, and to amend or repeal, such rules and regulations to effectuate the purposes of this compact as in its judgment may be appropriate.

"2. Except as to matters involving exclusively the management of the internal affairs of the Commission and its staff or involving emergency matters, prior to the adoption amendment or repeal of any rule or regulation the Commission shall hold a hearing at which any interested person shall have the opportunity to present his views on the proposed action in writing, with or without the opportunity to present the same orally. The Commission shall give adequate advance notice in a reasonable manner of the time, place and subject of such hearings.

"3. Emergency rules and regulations may be adopted without a prior hearing, but in such case they may be effective for not longer than 90 days.

"4. The Commission shall publish its rules and regulations in convenient form.

"ARTICLE X. STATUS OF INDIAN RIGHTS

"A. Nothing in this compact shall be deemed:

"1. To affect adversely the present rights of any individual Indian, tribe, band or community of Indians to the use of the waters of the Klamath River Basin for irrigation.

"2. To deprive any individual Indian, tribe, band, or community of Indians of any rights, privileges, or immunities afforded under Federal treaty, agreement, or statute.

"3. To affect the obligations of the United States of America to the Indians, tribes, bands, or communities of Indians, and their reservations.

"4. To alter, amend or repeal any of the provisions of the act of August 13, 1954 (68 Stat. 718), as it may be amended.

"B. Lands within the Klamath Indian Reservation which are brought under irrigation after the effective date of this compact, whether before or after section 14 of said act of August 13, 1954, becomes fully operative, shall be taken into account in determining whether the 200,000-acre limitation provided in paragraph 1 of subdivision C of article III has been reached.

"ARTICLE XI. FEDERAL RIGHTS

"Nothing in this compact shall be deemed:

"A. To impair or affect any rights, powers, or jurisdiction in the United States, its agencies, or those acting by or under its authority, in, over, and to the waters of the Klamath River Basin, nor to impair or affect the capacity of the United States, its agencies, or those acting by or under its authority in any manner whatsoever, except as otherwise provided by the Federal legislation enacted for the implementation of this compact as specified in article XIII.

"B. To subject any property of the United States, its agencies or instrumentalities, to taxation by either State or any subdivision thereof, unless otherwise provided by act of Congress.

"C. To subject any works or property of the United States, its agencies, instrumentalities, or those acting by or under its authority, used in connection with the control or use of waters which are the subject of this compact, to the laws of any State to an extent other than the extent to which those laws would apply without regard to this compact, except as otherwise provided by the Federal legislation enacted for the implementation of this compact as specified in article XIII.

"D. To affect adversely the existing areas of Crater Lake National Park or Lava Beds National Monument, or to limit the opera-

tion of laws relating to the preservation thereof.

"E. To apply to the use of water for the maintenance, on the scale at which such land and water areas are maintained as of the effective date of this compact, of officially designated waterfowl management areas, including water consumed by evaporation and transpiration on water surface areas and water used for irrigation or otherwise in the Upper Klamath River Basin; nor to affect the rights and obligations of the United States under any migratory bird treaty or the Migratory Bird Conservation Act (45 Stat. 1222), as amended, to the effective date of this compact.

"ARTICLE XII. GENERAL PROVISIONS

"A. Each State and all persons using, claiming, or in any manner asserting any right to the use of the waters of the Klamath River Basin under the authority of either State shall be subject to the terms of this compact.

"B. Nothing in this compact shall be construed to limit or prevent either State from instituting or maintaining any action or proceeding, legal or equitable, in any court of competent jurisdiction for the protection of any right under this compact or the enforcement of any of its provisions.

"C. Should a court of competent jurisdiction hold any part of this compact to be contrary to the constitution of either State or the United States, all other provisions shall continue in full force and effect, unless it is authoritatively and finally determined judicially that the remaining provisions cannot operate for the purposes, or substantially in the manner, intended by the States independently of the portions declared unconstitutional or invalid.

"D. Except as to matters requiring the exercise of discretion by the Commission, the provisions of this compact shall be self-executing and shall by operation of law be conditions of the various State permits, licenses, or other authorizations relating to the waters of the Klamath River Basin issued after the effective date of this compact.

"E. The physical and other conditions peculiar to the Klamath River Basin constitute the basis for this compact, and neither of the States hereby, nor the Congress of the United States by its consent, considers that this compact establishes any general principle or precedent with respect to any other interstate stream.

"ARTICLE XIII. RATIFICATION

"A. This compact shall become effective when ratified by the legislature of each signatory State, and when consented to by an act of Congress of the United States which will, in substance, meet the provisions hereinafter set forth in this article.

"B. The act of Congress referred to in subdivision A of this article shall provide that the United States or any agency thereof, and any entity acting under any license or other authority granted under the laws of the United States (referred to in this article as 'the United States'), in connection with developments undertaken after the effective date of this compact pursuant to laws of the United States, shall comply with the following requirements:

"1. The United States shall recognize and be bound by the provisions of subdivision A of article III.

"2. The United States shall not, without payment of just compensation, impair any rights to the use of water for use (a) or (b) within the upper Klamath River Basin by the exercise of any powers or rights to use or control water (i) for any purpose whatsoever outside the Klamath River Basin by diversions in California or (ii) for any purpose whatsoever within the Klamath River Basin other than use (a) or (b). But the exercise of powers and rights by the United States shall be limited under this paragraph 2 only as against rights to the use of water for use (a) or (b) within the upper Klamath River Basin which are acquired as provided in subdivision B of article III after the effective date of this compact, but only to the extent that annual depletions in the flow of the Klamath River at Keno resulting from the exercise of such rights to use water for uses (a) and (b) do not exceed 340,000 acre-feet in any one calendar year.

"3. The United States shall be subject to the limitation on diversions of waters from the basin of Jenny Creek as provided in subdivision A of article VIII.

"4. The United States shall be governed by all the limitations and provisions of paragraph 2 and subparagraph (a) of paragraph 3 of subdivision B of article III.

"5. The United States, with respect to any irrigation or reclamation development undertaken by the United States in the upper Klamath River Basin in California, shall provide that substantially all of the return flows and waste water finally resulting from such diversions and use appearing as surface waters in the upper Klamath River Basin shall be made to drain so as to be eventually returned to the Klamath River upstream from Keno, unless the Secretary of the Interior shall determine that compliance with this requirement would render it less feasible than under an alternate plan of development, in which event such return flows and waste waters shall be returned to the Klamath River at a point above Copco Lake.

"C. Upon enactment of the act of Congress referred to in subdivision A of this article and so long as such act shall be in effect, the United States, when exercising rights to use water pursuant to State law, shall be entitled to all of the same privileges and benefits of this compact as any person exercising similar rights.

"D. Such act of Congress shall not be construed as relieving the United States of any requirement of compliance with State law which may be provided by other Federal statutes.

"ARTICLE XIV. TERMINATION

"This compact may be terminated at any time by legislative consent of both States, but despite such termination, all rights then established hereunder or recognized hereby shall continue to be recognized as valid by the States."

SEC. 2. As used in this act—

(a) The term "United States" shall mean collectively or separately, as the case may be, the United States, any agency thereof, and any entity acting under any license or other authority granted under the laws of the United States.

(b) The terms appearing herein which are defined in article II or III of the compact shall have the meaning there stated.

(c) "The compact" refers to the Klamath River Basin compact, set forth in section 1 of this act.

SEC. 3. (a) Reserving the constitutional powers of the United States and subject to the provisions of section 4 of this act, the United States, in connection with developments undertaken after the effective date of this act, pursuant to the laws of the United States, shall comply with the requirements set forth in paragraphs Nos. 1, 2, 3, 4, and 5 of subdivision B in article XIII of the compact.

(b) The United States, when exercising rights to use water pursuant to State law, shall be entitled to all of the same privileges and benefits of the compact as any person exercising similar rights.

(c) This act shall not be construed as relieving the United States of any requirement of compliance with State law which may be provided by other Federal statutes.

SEC. 4. Nothing in this act or in the compact shall be construed as:

(a) Affecting the obligations of the United States to the Indians or Indian tribes, bands, or communities of Indians, or any right owned or held by or for the Indians or Indian tribes, bands, or communities of Indians, which is subject to control by the United States.

(b) Enlarging, diminishing, or otherwise affecting the jurisdiction of the courts of the United States.

(c) Impairing or affecting any existing rights of the United States to waters of the Klamath River Basin now beneficially used by the United States; nor any power or capacity of the United States to acquire rights in and to the use of the said waters of said basin by purchase, donation, or eminent domain.

SEC. 5. (a) The Federal representative to the Commission shall be appointed by the President, and shall report to the President either directly or through such agency or official of the Government as the President may specify. Such representative shall have no vote.

(b) The Federal representative shall receive compensation and shall be entitled to travel expenses, including per diem in lieu of subsistence, in the same manner as provided for experts and consultants under sections 5 and 15 of the Administrative Expenses Act of 1946 and the Travel Expense Act of 1949, except (1) that his term of service shall be governed by the terms of this act and shall not be affected by the time limitations of said section 15, and (2) his per diem rate of compensation shall be in such amount, not in excess of $100, as the President shall specify, but the total amount of compensation payable in any one calendar year shall not exceed $15,000: *Provided*, That if the Federal representative be an employee of the United States he shall serve without additional compensation: *Provided further*, That a retired military officer or a retired Federal civilian officer or employee may be appointed as such representative, without prejudice to his retired status, and he shall receive compensation as authorized herein in addition to his retired pay or annuity but the sum of his retired pay or annuity and such additional compensation as may be payable hereunder shall not exceed $15,000 in any one calendar year.

(c) The Federal representative shall be provided with office space, consulting, engineering, and stenographic service, and other necessary administrative services.

(d) The compensation of the Federal representative shall be paid from the current appropriation for salaries in the White House Office. Travel and other expenses provided for in subsections (b) and (c) of this section shall be paid from any current appropriation or appropriations selected by the head of such agency or agencies as may be designated by the President to provide for such expenses.

SEC. 6. The right to alter, amend, or repeal this act is expressly reserved.

CALL OF THE CALENDAR ON MONDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that on Monday next, immediately following the close of morning business, measures on the Legislative Calendar to which there is no objection may be called from the beginning of the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I turn now to another matter.

The PRESIDING OFFICER. The Senator from Texas has the floor.

EULOGIES FOR THE LATE SENATOR GEORGE, OF GEORGIA

Mr. JOHNSON of Texas. Mr. President, for the information of the Senate I announce that, following the call of the calendar on Monday next, time will be set aside for eulogies on the late Senator from Georgia, Mr. George.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

RIGHTS OF VESSELS OF THE UNITED STATES IN TERRITORIAL WATERS OF FOREIGN COUNTRIES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 861, S. 1483.

The PRESIDING OFFICER. The bill be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1483) to amend the act of August 27, 1954, relating to the rights of vessels of the United States on the high seas and in the territorial waters of foreign countries.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce with amendments on page 2, line 1, after the word "for", to strike out "all expenses incurred by them as a direct result of" and insert "the amount of any loss, including reasonable expenses in connection therewith, of fishing gear, equipment and catch resulting from"; in line 6, after the word "State", to strike out "He" and insert "The Secretary of the Treasury"; in line 7, after the word "vessel", to insert "who is a United States citizen"; in line 8, after the word "for", to insert "the amount of"; in line 9, after the word "incurred", to insert "or expected to be incurred, or both"; in line 12, after the word "any", to strike out "seaman" and insert "such member"; in line 13, after the word "pay", to strike out "to his dependents"; in line 14, after the figures "$10,000", to insert "to the surviving wife of such member, or if there be no surviving wife, in equal shares to the surviving natural or adopted minor children, if any, of such member. The determinations of the Secretary of State and the amounts certified by him under the provisions of this section shall be final and conclusive and not subject to review in any administrative or judicial proceeding"; after line 21, to strike out:

SEC. 2. The amendments made by the first section of this act shall be deemed to take effect as of January 1950.

And insert:

SEC. 2. Section 5 of such act of August 27, 1954, is amended to read as follows.

And, at the top of page 3, to insert:

SEC. 5. The Secretary of State shall take action to collect on claims against a foreign country for amounts expended by the United States under the provisions of this act because of the seizure of a United States vessel by such country, and shall make a report to the Congress annually as to the status of all such claims.

So as to make the bill read:

Be it enacted, etc., That section 3 of the act entitled "An act to protect the rights of vessels of the United States on the high seas and in territorial waters of foreign countries", approved August 27, 1954 (68 Stat. 883) is hereby amended by adding at the end thereof the following new sentences: "In addition to the amount of any such fine, the Secretary of the Treasury shall reimburse the owners of the seized vessel for the amount of any loss, including reasonable expenses in connection therewith, of fishing gear, equipment, and catch resulting from such seizure, as certified to him by the Secretary of State. The Secretary of the Treasury shall also reimburse each member of the crew of such vessel, who is a United States citizen, for the amount of all expenses and losses incurred or expected to be incurred, or both, by him which are similarly certified as arising out of injuries sustained by him as a direct result of such seizure, and upon the death of any such member as the result of such injuries the Secretary of the Treasury shall pay the sum of $10,000 to the surviving wife of such member, or if there be no surviving wife, in equal shares to the surviving natural or adopted minor children, if any, of such member. The determinations of the Secretary of State and the amounts certified by him under the provisions of this section shall be final and conclusive and not subject to review in any administrative or judicial proceeding.

SEC. 2. Section 5 of such act of August 27, 1954, is amended to read as follows:

"SEC. 5. The Secretary of State shall take action to collect on claims against a foreign country for amounts expended by the United States under the provisions of this act because of the seizure of a United States vessel by such country, and shall make a report to the Congress annually as to the status of all such claims."

The PRESIDING OFFICER. Without objection, the committee amendments will be considered en bloc. The question is on agreeing to the committee amendments en bloc.

The amendments were agreed to.

Mr. WILLIAMS. Mr. President, may we have an explanation of the bill?

Mr. YARBOROUGH. The bill is an amendment to the act approved August 27, 1954, and relates to the rights of vessels of the United States on the high seas and in the territorial waters of foreign countries.

The original act of 1954 authorized the Secretary of State to reimburse American fishing vessels for fines which they paid to foreign nations, and which were illegally levied upon them contrary to international law, when they were seized on the high seas.

For the most part, the seizures occurred on the west coast of South America, some of them 200 miles out in the Pacific, and involved American tuna boats fishing in the South Pacific.

In the Gulf of Mexico some American shrimp boats operating from various gulf ports have been seized by foreign nations.

The proposed amendment to the 1954 act provides that in additon to the fines, the fishing boat owners shall be reimbursed by the Secretary of the Treasury for their losses, including reasonable expenses in connection therewith, of fishing gear, equipment, and catch resulting from such seizure, as certified to him by the Secretary of State.

The bill provides that no amount in excess of $10,000 can be paid to a surviving wife. It provides that on determination by the Secretary of State, the amount certified by him under the provisions of law will be final and conclusive, and not subject to review at any administrative or judicial proceeding.

The final amendment, which is not in the present law, empowers the Secretary of State to take action to collect on claims against a foreign country for amounts expended by the United States under the provisions of this act because of the seizure of a United States vessel by such country. The bill requires that the Secretary of State shall make a report to Congress annually as to the status of all such claims.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. KNOWLAND. As I understand, the bill provides for the reimbursement for any gear which has been taken from the ship on the high seas.

Mr. YARBOROUGH. Yes, and for any fine which may have been imposed.

The 1954 act provided for reimbursement for fines illegally levied by foreign nations. The bill provides for the reimbursement for gear seized on the high seas. The boats are usually released after they have been stripped of gear. The bill provides for reimbursement for the gear, and also provides compensation to the surviving wife of any sailor or man killed or wounded.

Mr. KNOWLAND. Mr. President, I raise no objection to the bill, but I am not in favor of having American gear, equipment, or ships seized on the high seas. I think there are other ways of protecting our ships.

Mr. YARBOROUGH. I concur in the statement by the distinguished Senator from California, whose statement is reasonable and desirable. It is deemed advisable, in accordance with the good-neighbor policy, to negotiate these matters, rather than to use more strenuous means.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. WILLIAMS. Does the bill contain a retroactive feature?

Mr. YARBOROUGH. It did in the committee, but it is effective from the date of the passage of the enactment of the original bill, August 27, 1954. There was a provision in the bill that it was to take effect as of January 1950. The amount of the claims from 1950 to 1954 is relatively small.

As the bill was reported by the committee, I believe it contained a provision making it effective as of January 1950. That is still in the bill, although the printed copy I have shows there has been a mistake in the print. It is still in the bill.

Mr. WILLIAMS. Is that date in the bill now?

Mr. YARBOROUGH. I am advised by the committee counsel that it is in the bill at this time. There is some confusion with respect to the particular print.

Mr. WILLIAMS. There should not be any confusion as to the print. We are operating on only one bill, are we not?

Mr. YARBOROUGH. Yes.

Mr. WILLIAMS. On which bill are we operating?

Mr. YARBOROUGH. We are operating on Calendar No. 861.

Mr. WILLIAMS. I understood the Senator to say that the bill was retroactive until 1954, but I refer him to page 2 of S. 1483, Calendar No. 861, line 24, section 2, which provides:

Section 5 of such act of August 27, 1954, is amended to read as follows.

Does the bill go back to 1954 or to 1950?

Mr. YARBOROUGH. That part would go back to 1954, but there is a mistake, I think I may say to the Senator, because referring to page 14 of the report of the committee, section 7 reads:

The provisions of this act shall be effective with respect to the seizure of any vessel of the United States occurring on or after January 1, 1950.

Mr. WILLIAMS. Where does the Senator find that?

Mr. YARBOROUGH. On page 14 of the report, section 7.

Mr. WILLIAMS. I remind the Senator from Texas that the Senate is considering voting on the bill, not on the report. What is in the report does not mean anything, so far as what is in the bill is concerned. The bill does not carry out the language as explained in the report.

Mr. MAGNUSON. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield.

Mr. MAGNUSON. I think the confusion arises because the committee print refers to section 5 of the act of 1954. The bill amends that act. The committee print apparently is in error.

Mr. WILLIAMS. I most respectfully suggest, then, that we had better postpone the consideration of the bill until we can get a proper explanation of it.

Mr. MAGNUSON. I did not think this particular matter would make any difference to the Senator from Delaware.

Mr. WILLIAMS. But it does make a difference. At least we want to know what is in the bill, and we cannot tell what is in the bill until it is printed properly. I am sure we have a right to have the bill printed properly.

Mr. MAGNUSON. In the committee print there is an error. It will have to be reprinted. I have just come to the floor, and I did not know what had happened.

Mr. JOHNSON of Texas. The members of the staff tell me they think there is an error in the bill, and that the report is correct. But in order that we may have the matter cleared up, if it is agreeable to the Senator from Texas and the Senator from Delaware, what we might do would be to leave the bill on the calendar and determine tomorrow whether to follow the report and amend the bill, or decide that the bill is correct and the report is in error.

Mr. WILLIAMS. I think that would be a wise procedure, because unquestionably there is a contradiction between the language of the report and the provisions of the bill.

Mr. MAGNUSON. I think there has been great pressure on the Printing Office in recent days, and once in a while a discrepancy will occur. I hope the Senator from Delaware will bear with us, because this is a good bill and should be passed.

The PRESIDING OFFICER. Without objection, the consideration of the bill will be temporarily postponed.

CONSTRUCTION OF STADIUM IN THE DISTRICT OF COLUMBIA

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 713, H. R. 1937.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to, and the Senate proceeded to consider the bill which had been reported from the Committee on the District of Columbia, with amendments, on page 3, lines 1 and 2, to strike the words "stadium, including the land upon which said stadium is located,", and insert in lieu thereof the word "stadium"; on page 3, lines 4 and 5, to strike the words "to be approved by the Secretary of the Treasury," and insert in lieu thereof the words "6 percent per annum"; on page 6, line 12, strike the word "nonalcoholic."

Mr. BIBLE. Mr. President, the purpose of the bill is to authorize the District of Columbia Armory Board to construct, maintain, and operate a stadium, including parking facilities, with a seating capacity of not to exceed 50,000, in the District of Columbia, suitable for holding athletic and other events.

The bill has the unanimous approval of the Committee on the District of Columbia. It has the approval of the Board of Commissioners of the District of Columbia.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. BIBLE. I yield.

Mr. MANSFIELD. Is this not merely an authorization bill, with no cost involved?

Mr. BIBLE. It is simply an authorization bill. The primary purpose of the bill is to permit the Armory Board to apply to the Housing and Home Finance Agency for an advance of $35,000 to cover the preliminary planning and survey of the proposed stadium, so as to determine the feasibility of building a stadium at the site selected by the National Memorial Stadium Commission.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Is there objection to agreeing to the amendments en bloc? The Chair hears none, and the amendments are agreed to en bloc.

The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

TRAVEL EXPENSES OF CIVILIAN OFFICERS AND EMPLOYEES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 715, Senate bill 1903.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1903) to amend section 7 of the Administrative Expenses Act of 1947, as amended, relating to travel expenses of civilian officers and employees assigned to duty posts outside the continental United States.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill (S. 1903) to amend section 7 of the Administrative Expenses Act of 1947, as amended, relating to travel expenses of civilian officers and employees assigned to duty posts outside the continental United States, which had been reported from the Committee on Post Office and Civil Service with an amendment on page 2, line 3, after the word "allowed", to strike out "the expenses of round trip travel" and insert "expenses of transportation", so as to make the bill read:

Be it enacted, etc., That section 7 of the Administrative Expenses Act of 1946, as amended (5 U. S. C. 73b–3), is amended by inserting after the third proviso the following new proviso: "*Provided further*, Any officer or employee of the United States appointed by the President, by and with the advice and consent of the Senate, to serve for a term fixed by law, whose post of duty is outside the continental United States, shall be allowed expenses of transportation for himself and his immediate family, but excluding household effects, from his post of duty outside the continental United States to the place of his actual residence at the time of his appointment to such overseas post of duty, at the end of each 2 years of satisfactory service completed overseas, if he is returning to his actual place of residence for the purpose of taking leave prior to serving at least 2 more years of overseas duty or serving the unexpired portion of his term."

Mr. JOHNSTON of South Carolina. Mr. President, the Administrative Expenses Act of 1946, as amended, among other things, provides authority for the payment of transportation costs of employees and their families from posts of duty outside the United States to places of actual residence for the purpose of taking leave under certain conditions or prior to beginning another tour of duty.

Mr. ALLOTT. Mr. President, what bill is before the Senate? I could not hear.

The PRESIDING OFFICER. Calendar No. 715, Senate bill 1903 is under consideration.

The Senate will be in order, in order that the Senator from South Carolina may be heard.

The Senator from South Carolina may proceed.

Mr. JOHNSTON of South Carolina. Mr. President, it has been held that the language of the act is not sufficiently

broad to permit paying the transportation costs of certain Presidential employees, as for example, the United States marshal to the Canal Zone. The bill would correct this inadvertence.

Mr. President, we have an amendment which is more or less clarifying. It would strike out the words "the expenses of round-trip travel," and would insert the words "expenses of transportation," in order to limit reimbursement to the cost of transportation, as is the case with other Federal employees.

The amendment will make the procedure uniform in all cases, all though the departments.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FEDERAL SCHOOL CONSTRUCTION AT WAKE ISLAND

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 787, House bill 7540.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7540) to amend Public Law 815, 81st Congress, relating to school construction in federally affected areas, to make its provisions applicable to Wake Island.

The PRESIDING OFFICER. The question is on agreeing to motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, at the time of the enactment of Public Law 815, 81st Congress, there was a satisfactory school building on Wake Island and, therefore, it was not included under the provisions of the act. In 1952, Hurricane Olive blew the school building into the ocean, and since that time a makeshift quonset hut has been used as a school. Because of an increase in population on the island, new housing has been authorized, which will be constructed on the present site of the makeshift school. Since the school cannot be removed without destroying its usefulness, the children on the island will be left without a school building in the near future.

Public Law 874, 81st Congress, which provides financial assistance for operation of schools in areas affected by Federal activities, was extended to cover Wake Island 4 years ago. The records at present show 45 children on the island with an average daily attendance of 41 in school. A recent Civil Aeronautics Administration report states that there will be 70 elementary school-age children on the island by 1958. It is estimated by the Department of Health, Education, and Welfare that a 3-room school should take care of the existing and predicted needs at a cost of approximately $110,000.

Eighty percent of the population presently on the island are Federal employees working for the Civil Aeronautics Administration, operating a weather station and performing other duties, while the remaining 20 percent are contract workers on these installations. It is estimated that by 1958, 92 percent of the population will be Federal employees.

The committee recommends favorable action on the bill, and I hope the Senate will pass it.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 7540) was ordered to a third reading, read the third time, and passed.

JACKSON SCHOOL TOWNSHIP, IND.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 529, Senate bill 807.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 807) for the relief of Jackson School Township, Ind.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments on page 1, line 6, after the word "of", where it appears the first time, to strike out "$300,000" and insert "$275,000", and on page 2, at the beginning of line 1, to strike out "no part of the amount appropriated in this act in excess of 10 percent thereof" and insert "the appropriate authorities convey to the United States all their right, title, and interest in and to the township school property located at Lincoln, Ind., which property has been rendered useless for school purposes due to the noise and danger from Department of the Air Force aircraft using Bunker Hill Air Base: *Provided further*, That no part of the amount appropriated in this act", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Jackson School Township, Cass County, Ind., the sum of $275,000 in full satisfaction of such school township's claim against the United States for compensation for the loss of utility of its school at Lincoln, Ind., and for costs to be incurred in relocating such school due to the noise and danger from Department of the Air Force aircraft using Bunker Hill Airbase: *Provided*, That the appropriate authorities convey to the United States all their right, title, and interest in and to the township school property located at Lincoln, Ind., which property has been rendered useless for school purposes due to the noise and danger from Department of the Air Force aircraft using Bunker Hill Airbase: *Provided further*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. JENNER. Mr. President, this bill is to authorize and direct the Secretary of the Treasury to pay the sum of $275,000 to Jackson School Township, Cass County, Ind., as compensation for the loss of utility of its school at Lincoln, Ind., and for costs to be incurred in relocating such school, due to the noise and danger from Department of the Air Force aircraft using Bunker Hill Air Base, provided that such property as has been rendered useless for school purposes be conveyed to the United States.

The Lincoln Elementary School is located in the community of Lincoln, Ind., approximately 3 miles southwest of the end of Bunker Hill Air Force Base runway, and is three-quarters of a mile northeast of the extended center line of that runway. The building was constructed in 1921; is a two-story brick, and has been kept in good condition. It is presently used for the first four grades of elementary classes.

The country superintendent of schools, as well as other interested officials, contend that the building has been rendered practically useless because of the noise resulting from the flight pattern adopted in the frequent takeoffs and landings occasioned by jet aircraft at the adjoining Air Force base.

The jet bombers fly directly over the land on which the school is located, inasmuch as it is in a direct line with the extended center line of the runway of the nearby airfield.

Only two other schools in the United States are in a comparable situation.

The school building is being deeded to the United States. In connection with the taking of the property, it is specified that no school will be held in this area. There is a great possibility that an airplane would hit the building and would kill all the children.

The runway is going to be extended; and it is necessary that the bill be passed.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee, which, without objection, will be considered en bloc.

The amendments were agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 807) was ordered to be engrossed for a third reading, read the third time, and passed.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to announce that we plan to have the Senate consider Calendar No. 863, Senate bill 1426, to amend the act of March 6, 1952, to extend the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal Reclamation laws.

We also plan to have the Senate consider Calendar No. 865, House bill 2460, to improve the career opportunities of nurses and medical specialists of the Army, Navy, and Air Force.

We also plan to have the Senate consider Calendar No. 866, House bill 8240, to authorize certain construction at mili-

tary installations, and for other purposes.

We also plan to have the Senate consider Calendar No. 859, Senate bill 1031, to authorize the Secretary of the Interior to construct, operate, and maintain 7 units of the Greater Wenatchee division, Chief Joseph project, Washington.

We hope to have the Senate reach most of those bills, if not all of them, tomorrow. I shall keep in touch with the minority leader, to be sure that the majority Members and the minority Members of the committees are informed and are ready to have the Senate proceed to the consideration of those bills.

In addition, we plan to have the Senate consider Calendar No. 721, House bill 6517, to provide for the retirement of officers and members of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, and so forth. It is my information that the Senator from Nevada [Mr. BIBLE] and the Senator from Delaware [Mr. WILLIAMS] have discussed the matter informally, and that they hope, so far as they are concerned, to confine the debate on the bill to approximately 2 or 3 hours. However, the bill is controversial, and no doubt there will be some extended debate, and possibly there will be some yea-and-nay votes upon it.

I should like to have all Senators be on notice of the possibility of having those bills brought up and considered at any time.

RETIREMENT OF OFFICERS AND MEMBERS OF THE METROPOLITAN AND OTHER POLICE FORCES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 721, House bill 6517. My purpose in making the motion is to have the bill made the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6517) to provide for the retirement of officers and members of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, the White House Police force, and of certain officers and members of the United States Secret Service, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

Mr. THYE. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. As soon as I am able to have my motion voted upon.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6517) to provide for the retirement of officers and members of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, the White House Police force, and of certain officers and members of the United States Secret Service, and for other purposes.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, now that House bill 6517 has been made the unfinished business, I am in much better humor, and am glad to yield to the Senator from Minnesota.

Mr. THYE. Mr. President, the Senator from Texas is always in good humor.

I wish to ask whether on tomorrow the Senate will consider Calendar No. 438, Senate bill 1873, to amend section 401 (e) of the Civil Aeronautics Act of 1938, in order to authorize permanent certification for certain air carriers operating between the United States and Alaska. If that bill is placed on the agenda for tomorrow, I shall sleep better tonight.

Mr. JOHNSON of Texas. Mr. President, I shall be glad to have the bill considered tonight, if the Senator from Minnesota can work out the difficulties on his side of the aisle and if it will be agreeable to the distinguished minority leader.

Mr. KNOWLAND. Mr. President, I am perfectly willing to have the bill included in the list for tomorrow.

Mr. THYE. I thank both Senators.

Mr. JOHNSON of Texas. Mr. President, I do not wish to end the session in disagreement. If the distinguished minority leader wishes to have consideration of that bill go over until tomorrow, although the bill went over on yesterday, then I inform my friend, the Senator from Minnesota [Mr. THYE] that we shall get to the bill tomorrow, if we are able to get the bill for the retirement of officers and members of the Metropolitan Police Force, the Fire Department of the District of Columbia, the United States Park Police Force, and so forth, out of the way.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas has the floor.

RÉSUMÉ OF SENATE ACTIVITY IN THE 1ST SESSION OF THE 85TH CONGRESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a schedule of the activity of the Senate in the 1st session of the 85th Congress. The schedule shows that the Senate has been in session, through August 8, 116 days, for a total of 693 hours and 34 minutes.

The schedule also shows that the Senate has passed 801 measures and has confirmed 42,511 nominations.

Mr. President, I really think an error has been made in the preparation of the résumé; it seems to me that the Senate has been in session longer than that, and that the Senate has passed more bills and has confirmed more nominations. But I have stated the figures reported by the statistician, and we shall rely upon them until we have better information.

The PRESIDING OFFICER. The question is on agreeing to the request of the Senator from Texas.

There being no objection, the résumé was ordered to be printed in the RECORD, as follows:

Senate activity, 85th Cong., 1st sess.

	Through July 8	Through Aug. 8
Days in session	92	116
Hours	506.16	693.34
Total measures passed by Senate	602	801
Senate bills	339	452
House bills	93	158
Senate joint resolutions	15	18
House joint resolutions	25	24
Senate concurrent resolutions	18	22
House concurrent resolutions	17	21
Senate resolutions	95	106
Public laws	84	121
Confirmations	36,002	42,511

ORDER FOR ADJOURNMENT UNTIL TOMORROW, AT 11 A. M.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until tomorrow, at 11 a. m.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE BUSINESS ON TOMORROW

Mr. JOHNSON of Texas. Mr. President, under the rule, on tomorrow, when the Senate convenes, there will be the usual morning hour, for the transaction of routine business only. In that connection, I ask unanimous consent that statements be limited to 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 9, 1957, he presented to the President of the United States the following enrolled bills:

S. 1446. An act to amend title 14, United States Code, so as to provide for retirement of certain former members of the Coast Guard Reserve; and

S. 1856. An act to provide for the development and modernization of the national system of navigation and traffic control facilities to serve present and future needs of civil and military aviation, and for other purposes.

ADJOURNMENT TO 11 A. M. TOMORROW

Mr. JOHNSON of Texas. I thank the distinguished Presiding Officer [Mr. TALMADGE] for spending most of his birthday in the chair. I express my gratitude to the Members of the Senate who have been so cooperative in the transaction of the Senate's business.

Mr. President, I move that the Senate adjourn.

The motion was agreed to; and (at 9 o'clock and 11 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until Saturday, August 10, 1957, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate August 9 (legislative day of July 8), 1957:

UNITED NATIONS

The following-named persons to be representatives of the United States of America to the 12th session of the General Assembly of the United Nations, to serve no longer than December 31, 1957:

Henry Cabot Lodge, of Massachusetts.
A. S. J. Carnahan, United States representative from the State of Missouri.
Walter H. Judd, United States Representative from the State of Minnesota.
George Meany, of Maryland.
Herman B. Wells, of Indiana.

The following-named persons to be alternate representatives of the United States of America to the 12th session of the General Assembly of the United Nations, to serve no longer than December 31, 1957:

James J. Wadsworth, of New York.
Miss Irene Dunne, of California.
Philip N. Klutznick, of Illinois.
Mrs. Oswald S. Lord, of New York.
Genoa S. Washington, of Illinois.

INTERNATIONAL COOPERATION ADMINISTRATION

James H. Smith, Jr., of Colorado, to be Director of the International Cooperation Administration, in the Department of State, vice John B. Hollister, resigned.

UNITED STATES DISTRICT JUDGE

Edward T. Gignoux, of Maine, to be United States district judge for the district of Maine, vice John D. Clifford, Jr., deceased.

PUBLIC HEALTH SERVICE

The following candidates for personnel action in the regular corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

I. FOR APPOINTMENT

To be senior assistant sanitarians

Cecilia C. Conrath
Mary L. Skinner
Daniel Sullivan
Robert E. Tumelty
Joseph A. Staton
John E. Baker, Jr.
Desmond O'Hara

To be assistant sanitarians

Don M. Hufhines
Richard E. Gallagher
Charles P. Froom

To be assistant scientist

Alfred L. Brophy, Jr. (This name is resubmitted for the purpose of corecting the grade, indicated as senior assistant scientist on previous nomination which was confirmed by the Senate on May 23, 1957.)

II. FOR PERMANENT PROMOTION

To be senior assistant surgeons

Stephen R. Dunphy
Emery A. Johnson

To be assistant pharmacist

Paul O. Fehnel, Jr.

TERRITORY OF HAWAII

William Francis Quinn, of Hawaii, to be Governor of the Territory of Hawaii, vice Samuel Wilder King, term expired.

POSTMASTERS

The following-named persons to be postmasters:

ARKANSAS

Mitchell A. McCoy, Kingsland, Ark., in place of Jessie Garner, retired.

CALIFORNIA

Arthur M. Webb, Mammoth Lakes, Calif., in place of S. M. Coleman, retired.

Berniece K. Williams, Rheem, Calif. Office established September 29, 1956.

ILLINOIS

Homer T. Smith, Erie, Ill., in place of R. M. Cocking, retired.

Kenneth C. Hall, Lombard, Ill., in place of G. W. Collins, retired.

Darwin E. Porterfield, Mount Erie, Ill., in place of L. S. Gardner, retired.

Charles L. Baird, Van Orin, Ill., in place of D. D. Clarke, resigned.

IOWA

William L. Talbot, Keokuk, Iowa, in place of T. J. McManus, deceased.

Robert W. Grote, Portsmouth, Iowa, in place of J. J. Herkenrath, retired.

KANSAS

John K. Wells, Coffeyville, Kans., in place of J. W. Robinson, resigned.

KENTUCKY

Carl B. Marshall, Lewisburg, Ky., in place of E. L. Day, retired.

MINNESOTA

Julian V. Dalum, Hoffman, Minn., in place of R. M. Sheppard, retired.

MISSISSIPPI

L. Jones Hand, West, Miss., in place of O. W. Thomas, deceased.

NEBRASKA

Arthur G. Pohl, Hampton, Nebr., in place of M. D. Jensen, resigned.

NEW JERSEY

Holger G. Holm, Metuchen, N. J., in place of W. H. Fraser, resigned.

NEW YORK

Ishmael B. Burns, Alexandria Bay, N. Y., in place of F. F. Cornwall, retired.

Leo J. Morgan, Farmingdale, N. Y., in place of F. J. Talbot, removed.

Glenn E. Bock, Sherman, N. Y., in place of G. R. Fisher, transferred.

Raymond P. Cary, West Coxsackie, N. Y., in place of Oliver Townsend, retired.

Royden W. McCullough, Wyoming, N. Y., in place of G. F. Powers, Jr., transferred.

NORTH CAROLINA

Calvin Turner Draper, Jackson, N. C., in place of May Calvert, retired.

NORTH DAKOTA

Maurice A. Ellingrud, Buxton, N. Dak., in place of R. B. Halvorson, resigned.

OHIO

Kenneth W. Folsom, Columbia Station, Ohio, in place of A. M. Jones, retired.

Frank A. Kitts, Kitts Hill, Ohio, in place of M. E. Kitts, retired.

PENNSYLVANIA

Rudolph Simitz, Spinnerstown, Pa., in place of Laura Lancaster, resigned.

SOUTH CAROLINA

Joe H. Giltner, Jr., Chester, S. C., in place of C. C. Wilkes, retired.

James T. Claffy, Eastover, S. C., in place of K. A. Dunn, retired.

TENNESSEE

William Onnie Cox, Mosheim, Tenn., in place of L. F. Robinette, resigned.

TEXAS

Dudley B. Lawson, Alto, Tex., in place of J. B. Thorn, Jr., transferred.

William M. Petmecky, Fredericksburg, Tex., in place of R. W. Klingelhoefer, retired.

Edward H. Leache, McGregor, Tex., in place of J. F. Bennett, Jr., transferred.

Jimmy Reid Simmons, Rockport, Tex., in place of M. L. McElveen, removed.

UTAH

John B. Nelson, Goshen, Utah, in place of V. G. Fisher, deceased.

VIRGINIA

C. Ronald Woodrum, Staunton, Va., in place of R. W. Rosen, retired.

WEST VIRGINIA

Leon D. Rishel, Spencer, W. Va., in place of W. H. Miller, transferred.

Dillard R. Walker, Stanaford, W. Va., in place of W. L. Warden, resigned.

WITHDRAWAL

Executive nomination withdrawn from the Senate August 9 (legislative day of July 8), 1957:

POSTMASTER

Jack Shackelford to be postmaster at Webbers Falls, in the State of Oklahoma.

HOUSE OF REPRESENTATIVES

FRIDAY, AUGUST 9, 1957

The House met at 10 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, our creator and benefactor, Thou hast created us with a capacity to be like Thee in spirit and blessed us with minds to know Thee and hearts to love Thee.

Give us now a satisfying and reassuring sense of Thy presence, Thy peace, and Thy power, and may we see all our problems and responsibilities in their true measure and right perspective.

Grant that we may never champion any cause or embark upon any enterprise that is not fully in accord with Thy holy will for ourselves and all mankind.

May we seek and covet earnestly Thy guidance and help as we face our appointed tasks and may this be a day of marked accomplishment in establishing a nobler civilization.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 3775. An act to amend section 20b of the Interstate Commerce Act in order to require the Interstate Commerce Commission to consider, in stock modification plans, the assets of controlled or controlling stockholders, and for other purposes; and

H. R. 7813. An act to organize and microfilm the papers of Presidents of the United States in the collections of the Library of Congress.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4602. An act to encourage new residential construction for veterans' housing in rural areas and small cities and towns by raising the maximum amount in which direct loans may be made from $10,000 to $13,500, to authorize advance financing commitments, to extend the direct loan program for veterans, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, and requests a conference with the House on the disagreeing